

# **A cross-cultural study of consumers' ethical orientation between French-speaking Europe and Peru**

**Bachelor Project submitted for the obtention of the  
Bachelor of Science HES in International Business Management**

by

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## **Declaration**

This Bachelor Project is submitted as part of the final examination requirements of the Haute école de gestion de Genève, for the Bachelor of Science HES-SO in International Business Management.

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Geneva, 31/05/2017

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# Executive Summary

This research in international marketing ethics first looks at which aspects shape ethical behaviors for consumers. The literature review revealed the complexity of the matter with consumers making ethical decisions based on two simultaneous approaches influenced by cultural orientation, contextual environment, and personal characteristics.

It then aims at comparing the ethical orientation of two populations coming from distant regions: French-speaking Europe and Peru. The objective was to explain results with what is known from the literature and, more importantly, to expose differences and similarities to provide insights for marketing managers wanting to implement in one of the two regions.

The exploratory phase was done by sending online surveys to the two populations. The survey includes quantitative questions measuring actual ethical behaviors of consumers regarding environmental and social aspects. It also contains a qualitative question designed to gather insights about which ethical aspects consumers value when buying a product or a service.

The samples obtained are only representative of the younger generation, commonly called millennials. Findings show two major differences: the French-speaking population is more concerned with recycling and more willing to pay a premium for “environmentally friendly” products; this because of different contextual environments rather than true divergences in ethical behaviors. Overall, no fundamental difference in ethical behavior could be proved. However, because the two populations live in different contexts, they differ on which precise ethical aspects they are concerned with.

A series of recommendations and possible adaptations are then proposed. Among them are the necessity for companies implementing in French-speaking Europe to have a transparent and clear labeling, while minimizing packaging. The carbon-footprint, including transportation impact, is another important aspect valued by consumers of this region. Offering products made from recycled materials should also prove successful.

Companies implementing in Peru should make helping the vulnerable populations part of their strategy. Moreover, as Peruvian consumers are less informed and offered fewer sustainable options, promotion of ethical labels should be done in store and on social media. Finally, this research also revealed an opportunity for sustainable companies, such as B-corps, to implement in the price-sensitive Peruvian market.

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# 1. Introduction

## 1.1 Presentation of the subject

The marketing function is the spearhead of any organization and is therefore directly “at the center of criticism for unethical activities of business” (Sagar, Khandelwal, Mittal, Singh 2011, p. 124). Indeed, “compared to other enterprise functions, marketing is more exposed to external environmental forces and, as such, faces some of the biggest ethical challenges” (Murphy et al. 2005, cited in Leonidou, Leonidou, Kvasova 2013, p. 526). We no longer live in a world when companies can push their products towards consumers and hope for the best by increasing marketing efforts. As Peterson et al. (2010) put it, successful business relationships shall be nurtured by the expectations of mutual trust and ethical conduct and this is true for business-to-business as well as for business-to-consumers relationships. It is indeed when developing long-term relationships with consumers that marketers can provide a sustainable competitive advantage for their organizations.

An important parameter that has accelerated this tendency for relationship-based marketing is globalization. Combined with the democratization of the internet, our world is currently more interconnected than ever and information about company activities, whether good or bad, can now be spread-out worldwide in a day. The need for good business ethics, especially in marketing, is then a vital requirement for organizations to survive in this increasingly competitive environment where the ethical awareness of consumers is on the rise.

One could wonder if the interconnectedness that is developing itself throughout our globalized world is creating a convergence between consumer behaviors and this is probably partially true. Undeniably, we can observe that consumers are increasingly becoming aware and seek to buy in more ethical ways, at least in developed countries. Although we could expect consumers from developing countries to catch up in terms of ethical behavior, this is still not the case in many transitional economies where the way of thinking and a lower living level can make its people more tolerant regarding ethics (Abromaityte-Sereikiene 2006). Moreover, while globalization and the internet allow for a better flow of information and a better knowledge of what is happening in other parts of the world, it is far from having created a common thought about ethics. Indeed, what is right or wrong may be perceived quite differently among different groups. This complicates the task for international marketers: “Will the common “good” reflect the

“good” for [...] consumers in their domestic and international markets?” (Carrigan, Marinova, Szmigin 2005, p. 482).

Many aspects such as cultural differences or moral values come in place to shape ethics and those “gaps between international buyers and sellers create the potential for conflicts of values, which in turn hinder smooth business interactions between the parties” (Singhapakdi, Karande, Rao, Vitell 2001, p. 8). Carrigan (2005) picks out the complexity of modern marketing ethics and observes that there exists “no universal moral standards applied to all people at all times” (p482) and that “unethical acts can be committed by the most honest and responsible individuals given a particular set of circumstances” (p484). In order to be successful, “Marketers must understand the necessity to familiarize themselves with the culturally-based ethical norms that are dominant in the countries they have targeted for entry” (Singhapakdi et al. 1999, p. 259). This is important because “what is perceived as outside the limits of ethical behavior in one country might represent a completely ethical practice in another” (Singhapakdi et al. 1999, p. 260). Typical examples include bribery or damaging the environment while conducting business.

As unethical practices are pointed out throughout the world, many businesses have already understood that restraining from unethical activities is not enough. They ought to be proactive and promote environmental and social sustainability. Consumers concerned about environment and social causes who once represented a niche market are now part of a substantial segment and a growing number of mainstream brands are today interested in ethical products (Sudbury-Riley, Kohlbacher 2016). Therefore, it has become of crucial importance for businesses to evaluate the ethical perceptions of the different markets in which they intend to successfully implement their brands.

## **1.2 Purpose of the study**

As marketing ethics proves to be a vast and complex field, it has widely been studied in the business literature and can now be divided into a multitude of subjects, a study showed that at least 18 ethics-related topics are currently relevant today (Schlegelmilch, Öberseder 2010). The authors evaluated the relative importance of these topics in research, based on their number of publications and number of citations. Results show that “corporate decision making” and “norms and codes” have consistently attracted research, this perhaps because of their relative broadness in terms of issues covered. These topics are followed by “social marketing” and “consumer ethics”. Concerning “international marketing ethics”, it belongs to topics showing a “high number of publications, but with a low number of citations” (Schlegelmilch, Öberseder 2010, p. 7).

Additionally, the authors note that this topic “is a comparatively new area that could become highly important in future”. The study concludes saying that “research that focuses on ethical issues surrounding corporations still exerts considerable dominance” and that “consumer ethics research still has to catch up” (Schlegelmilch, Öberseder 2010, p. 13). This relative lack of research makes the rationale of this study which fills a gap in the literature by being about ethical perceptions of consumers in an international context.

Swaidan (2012, p. 202) and Vitell (2003, p. 33) cited that in 1981 Murphy and Laczniak revealed that only 5% of the studies examined ethics of consumer while the rest focused on ethics of businesses. The authors noted that the situation had only slightly changed by the time of their study. Leonidou (2013, p. 526) pointed out that understanding consumer perceptions is crucial for four major reasons:

*“(1) consumers are key actors in the marketing exchange process and, therefore, an improved understanding of how they perceive and respond to ethical situations is crucial in formulating sound marketing programs (Vitell 2003, cited in Leonidou et al. 2013, p. 526)*

*(2) the recent shift in marketing thinking, from traditional transaction-based exchanges to relationship-building processes, has elevated the importance of ethics in initiating, developing, and sustaining relationships with customers (Sheth and Parvatiyar 1995, cited in Leonidou et al. 2013, p.526)*

*(3) the growing concern of consumers about corporate social responsibility practices, especially in light of evidence that the latter seriously affect business performance, has been responsible for increasing managerial sensitivity to ethical issues (Creyer and Ross 1997, cited in Leonidou et al. 2013, p526); and*

*(4) negative consumer responses (e.g. consumer boycotts) to the unethical, or irresponsible marketing behavior of firms may have a damaging effect on the firm’s reputation and brand image (Carrigan and Attalla 2001, cited in Leonidou et al. 2013, p.526)”*

Most of the studies mentioned up until now have focused on finding how professionals or consumers perceive unethical practices but less has been done on finding which ethical practices consumers do value. Authors of these studies have tried to identify and understand causality links between ethical behavior and a plethora of criteria such as cultural orientation (Leonidou et al. 2013) (Swaidan 2012), inclination toward idealism or relativism (Singhapakdi et al. 1999), age and gender (Singhapakdi et al. 2001), nationality (Peterson et al. 2010), and many other aspects that are discussed later on.

This study not only measures how unethical practices are perceived but also focuses on measuring which ethical aspects are appreciated between consumers from a selection of countries belonging in culturally different regions (i.e. Latin America and Europe). This

research then establishes some causality links for the differences and similarities found between the two groups but, more importantly, gives recommendations for how marketing managers can better adapt their product offerings for the two regions.

Latin America was chosen as a region of interest for this cross-cultural study because “there is a need for more research on emerging markets” (Fastoso and Whitelock 2001, cited in Gaur, Bathula, Diaz 2015, p.478) and “Latin America has been relatively neglected in both the international business and marketing fields” (Burgess and Steenkamp 2006, cited in Gaur, Bathula, Diaz 2015, p. 478). Indeed, most of the cross-cultural studies found during this research were focusing on North America, Europe, the Middle-East and Asia.

Vitell, whose consumer ethics scale is partially used in the exploratory phase of this paper, noted in his suggestions for the future:

*“Additional studies might be conducted using consumers from cultures not yet tested such as those from developing countries in Latin America or Africa, among others. Also, linking the scale to intentions and/or behavior would be worthwhile research endeavor.”*  
(Vitell 2003, p. 40)

Not only this research compares consumers from some developed countries in Europe (i.e. Switzerland, France and Belgium) to a developing country in Latin America (i.e. Peru) but also measures consumers behavior by adapting the “consumer ethics scale (CES)” (Vitell, Muncy 2005) and the “ethically minded consumer behavior (EMCB) scale” (Sudbury-Riley, Kohlbacher 2016).

### **1.3 Organization of the report**

The rest of this report first includes a theoretical review where the Hunt-Vitell general theory of marketing ethics is discussed. As this theory links ethics to a wide set of factors such as culture or personal characteristics, the ones that are not common knowledge are defined. Additionally, a few other relevant theoretical points are clarified. This part is followed by an empirical literature review where findings about which factors shape consumer ethics are discussed. Moreover, this section presents the scales used to conduct this research and finishes with a background of the studied countries.

The following chapter introduces the research methodology and clarifies the scope and limitations that frame this study. Results from the exploratory phase of this paper are then displayed and statistically analyzed to provide the reader a clear understanding of the findings.

The next part is dedicated to a discussion where first is found a summary of the findings and literature review and then the recommendations based on the outcomes of the research. The managerial implications should be of particular value for future research and international marketing managers wanting to implement new products or services in the studied countries. This chapter ends with the overall results and a conclusion. Finally, a general conclusion completes this paper.

## 1.4 Theoretical literature review

**Ethics:** Coming from a branch of philosophy, many approaches exist in the literature. A general definition from the dictionary, however, would be: “the discipline dealing with what is good and bad and with moral duty and obligation” (Definition of ETHIC [no date]).

**Business ethics:** No generally accepted definition is found in the literature as many authors have attempted to define it. However, some authors define business ethics as “requiring that the organization or individual behave in accordance with the carefully thought-out rules of moral philosophy” (Robin and Reidenbach 1987, cited in Payne, Pressley 2013, p. 65).

**Marketing ethics:** Described as a subset of business ethics that determines “moral principles that define right and wrong behavior in marketing” (Ferrell 2001, cited in Antoine 2015, p. 4). As most laws and regulations have formalized standards for the most basic ethical issues, “marketers must understand that marketing ethics go beyond legal issues” (Ferrell 2001, cited in Abromaityte-Sereikiene 2006, p. 1520)

**Consumer ethics:** It is the “study of what is considered right or wrong conduct in consumer behavior”. (Swaidan 2012, p202). It deals with the decision-making processes of consumers that lead them to consider a behavior ethical or unethical.

**Ethical consumerism:** It is about consumers leveraging their buying power to support ethical companies or boycott unethical ones. (Why Buy Ethically? [no date]). There exist four types:

**“Positive Buying:** *This means favoring particular ethical products, such as energy saving lightbulbs.*

**Negative Purchasing:** *This means avoiding products that you disapprove of, such as battery eggs. [...]*

**Company-based Purchasing:** *This means targeting a business as a whole and avoiding all the products made by one company. [...]*

**Fully-Screened Approach:** *This means looking both at companies and at products and evaluating which product is the most ethical overall.*

*(Why Buy Ethically? [no date])*

**Normative vs Descriptive Approach:** The Descriptive approach is a way to address ethical issues by “defining individuals’ values and moral reasoning to understand the decision-making process” (Sjoekoer, Yazdanifard 2013, p. 3). In other words, it describes how ethical issues are actually taken. The Normative Approach “answers to the general moral question of what should be done” (Sjoekoer, Yazdanifard 2013, p. 3). This approach is itself divided into two categories: the Deontological Evaluation and the Teleological Evaluation. Virtue ethics is a third existing category.

**Deontological vs Teleological:** “Deontology deals with which are the best rules to live by” (Sjoekoer, Yazdanifard 2013, p. 3). It “focuses on the specific actions or behaviors of the consumer while teleology focuses on the consequences of those behaviors” (Vitell 2003, p. 34). In other words, deontologists believe that “certain features of the act itself other than the value it brings into existence make an action or rule right” (Frankena 1963, p.14, cited in Hunt, Laverie 2004, p. 8) while teleologists believe that the consequences prevail. Teleology can itself be divided into egoism and utilitarianism.

**Egoism vs Utilitarianism:** “Egoism describes rightness in terms of consequences [...] where individuals choose the actions that result in greatest personal benefit while utilitarianism defines that an act is right only when it is beneficial for the greatest number of people” (Dagdelen et al. 2009, cited in Sjoekoer, Yazdanifard 2013, p. 4).

**The general theory of marketing ethics:** First published by Hunt and Vitell in 1986, It was recognized as “the only (marketing ethics theory) that can be applied to individual contexts such as consumer behavior” (Vitell, Singhapakdi and Thomas, 2001, p155, cited in Antoine 2015, p. 12). This theory “draws on both the deontological and teleological traditions in moral philosophy [...] and addresses the situation in which an individual confronts a problem perceived as having ethical content” (Hunt, Vitell 2006, p. 2).

*“The H-V is model is [...] a positive, not normative, theory of ethics. That is, its objective is to increase our understanding [...] by means of a process theory that explains and predicts phenomena in situations having ethical content. Its purpose is not to provide normative guidance for making decisions that are more ethical.”*  
*(Hunt, Vitell 2006, p. 7)*



The third step involves two kinds of evaluations that simultaneously take place: the deontological and the teleological ones. In the process of the deontological evaluation, individuals attempt to “evaluate the inherent rightness versus wrongness of various behaviors” (Vitell 2003, p. 34). It involves “comparing the various perceived alternatives with a set of established deontological norms that represent the individual’s personal values” (Vitell 2003, p. 34). “These values range from (1) general beliefs such as honesty, stealing, cheating, and treating people fairly to (2) issue-specific beliefs such as deceptive advertising and product safety” (Hunt, Vitell 2006, p. 3). In the teleological evaluation, “the key issue is the consumer’s assessment of how much good versus bad will result from the decision” (Vitell 2003, p. 34). This assessment is heavily influenced by the “cultural environment” and the set of “personal characteristics” such as religion, strength of moral character or ethical sensitivity, as shown in Figure 1.

Then, the core of the model states that ethical judgements (e.g. the extent to which one believes that a certain alternative is ethical or not) are a function of the deontological evaluation and the teleological evaluation. Indeed, the theory maintains that it is unlikely that individuals base their judgements purely on one of the evaluation. It may be possible for some individuals in some situations but unlikely to happen across many individuals and situations (Hunt, Vitell 2006).

The next step postulates “that ethical judgements affect behavior through the intervening variable of intentions” (Hunt, Vitell 2006, p. 3). Therefore, this model suggests that individuals “might still intend to adopt a different alternative because of some highly desirable consequences flowing from it” (Vitell 2003, p. 34). Moreover, the final behavior may also differ from the intentions because of the “action control” which is “the extent to which external factors beyond the control of the decision maker (e.g. the opportunity to adopt a particular alternative) might impact behavior” (Vitell 2003, p. 34).

This results in inconsistencies between behavior, intentions and ethical judgements and many studies failed to account for that by only measuring intentions of the consumers in their research. Therefore, the survey conducted during the exploratory phase of this paper was designed to directly measure what consumers do or value instead of measuring their intentions about what they would do regarding a future alternative proposed to them.

Finally, this theory reveals that behaviors lead to actual consequences which then provide a “feedback to the individual’s “personal experiences” when compared to the originally expected consequences” (Vitell 2003, p. 34). The takeaway here is that in the end, “only personal characteristics and cultural environment are pertinent to consumer



ethics” (Vitell 2003, p. 34). The relative influence of these factors on consumer ethics are discussed in the empirical literature review of this paper but before, a few more theoretical points have to be clarified.

***Cultural Orientation:*** Culture is defined as “the collective programming of the mind that distinguishes the members of one group or category of people from another” (Hofstede, 2001, p.9, cited in Antoine 2015, p. 4). This study follows the model of five cultural dimensions introduced by Hofstede.

Power distance: This dimension refers to “the extent to which less powerful people accept that power is unequally distributed in society” (Hofstede 1997, cited in Leonidou et al. 2013, p. 531). “Members of cultures characterized by a high power distance are expected to obey a superior’s dictates blindly” (Singhapakdi et al. 1999, p. 259). They also “tend to use formal standards and ideals for guidance on appropriate behavior in consumption situation” (Singhapakdi et al. 1999, p. 259). Conversely, individuals scoring low in this dimension will not readily accept hierarchy and be less submissive to authority (Clugston et al. 2000). Respect generally must be earned and individuals would rather turn to their colleagues or peer group for guidance rather than to their superiors. (Singhapakdi et al. 1999).

Individualism: This dimension is “defined as the extent to which people act as individuals, as opposed to members of a group” (Hofstede 1997, cited in Leonidou et al. 2013, p. 532). People scoring high in this dimension are generally more concerned with their own interests and the welfare of their immediate family whereas the ones scoring low, the collectivists, view individuals as part of a larger group, such as an extended family or tribe (Singhapakdi et al. 1999). Individualism is characterized by attitudes of independence from ingroups, achievement, freedom, autonomy and fairness whereas Collectivism is characterized by interdependence, norms that favor in-group embeddedness and harmony, security and duty (Clugston et al. 2000).

Masculinity: The masculine side of this dimension is associated with individuals being “assertive, ambitious, and materially oriented” (Leonidou et al. 2013, p. 532). Societies ranking high on masculinity tend to be more competitive (Dimensions - Geert Hofstede [no date]). The opposite in this dimension is femininity which is more relationship and consensus oriented. It “stands for a preference for cooperation, modesty, caring for the weak and quality of life. (Dimensions - Geert Hofstede [no date])

Uncertainty avoidance: It is “the extent to which an individual can cope effectively with uncertain, unstructured, unclear, unpredictable or unknown situations” (Hofstede 1997,

cited in Leonidou et al. 2013, p. 531). People scoring high in this dimension are particularly concerned with security in life, prefer clear hierarchical structures, will follow established rules at all times and will not tolerate deviations or abnormal behaviors (Leonidou et al. 2013). On the weak uncertainty avoidance side, people “maintain a more relaxed attitude in which practice counts more than principles” (Dimensions - Geert Hofstede [no date]).

Long-term orientation: This dimension, less studied than the four main ones in the literature, refers to the struggle for “maintaining some links with its own past while dealing with the challenges of the present and the future” (Dimensions - Geert Hofstede [no date]). People scoring low on this dimension will prefer fostering traditions and norms, and view societal change with suspicion. Conversely, cultures scoring high in this dimension will be more dynamic and open to change.

Indulgence: This, recently added, 6<sup>th</sup> dimension will not be treated in this paper due to an associated lack of literature. It is, however, about allowing or suppressing gratification of basic and natural human drives related to enjoying life (Dimensions - Geert Hofstede [no date]).

**Subculture**: Many subcultures may be found within one country. It consists in a self-perpetuating group of individuals who are held together by common cultural ties and is identified [...] as being a distinguishable group” (Swaidan 2012, p. 202).

**Values**: The concept of values can be defined in many ways. One would be “the core set of beliefs and principles deemed to be desirable (by groups) of individuals” (Payne, Pressley 2013, p. 63). “Values originate from one’s community and culture and aid in a person’s determination of the important considerations in their decision-making processes” (Payne, Pressley 2013, pp. 63–64).

**Idealism vs Relativism**: These are two dimensions of personal moral philosophies, respectively corresponding to a deontological and a teleological approach. Idealists believe that “actions are not justified by the consequences associated with them and feel that harming other individuals can always be avoided” and they “follow moral absolutes when making ethical judgements” (Forsyth 1992, cited in Leonidou et al. 2013, p. 533). Relativists reject these universal moral rules and “embrace a moral philosophy based on skepticism” (Forsyth 1992, cited in Singhapakdi et al. 1999, p. 264). They believe that “ethical values are relative to, and depend on, specific people, cultures, locations or time periods” (Napal 2014, cited in Antoine 2015, p. 25).

***Machiavellianism:*** This concept translates in individuals who “employ aggressive, manipulative, exploiting and devious moves to achieve objectives with only secondary considerations for the feelings or need of others” (Calhoun 1969, cited in Arli, Tjiptono, Winit 2015, p. 451).

***Materialism:*** It is a personal value reflecting the importance of possessions in one’s life. Personal happiness in social progress is there linked with increased consumption. It is a “product of cultural construction and socialization that affects consumer’s perception of objects, symbols and rituals and influences consumer behavior” (de Mooij 1997 and Phinney 1992, cited in Arli et al. 2015, p. 453).

***Trust:*** This can be defined as the “belief that a party’s word or promise is reliable and that he/she will fulfill any obligations in an exchange relationship” (Dwyer et al. 1987, cited in Leonidou et al. 2013, p. 534). In other words, it is “the expectation of ethically justifiable behavior – that is, morally correct decisions and actions based upon ethical principles of analysis” (Hosmer 1995, cited in (Arli, Tjiptono, Winit 2015, p. 452).

## 1.5 Empirical literature review

### 1.5.1 Elements shaping ethics

As the Hunt-Vitell theory states, many aspects come in play until individuals adopt certain behaviors regarding ethics. As differences and similarities are found across cultures, it is important to understand where they come from and the relative influence of each aspect on the decision making of consumers.

***Culture:*** As the literature shows, it is with the Hofstede model that most studies have been conducted. Although some papers “placed moderate emphasis on the ethical implications of an individual’s cultural orientation, particularly as regards marketing issues” (Leonidou et al. 2013, p. 527; Singhapakdi et al. 1999), they remain exceptions. There are significant cultural differences in ethics between consumers, especially among the ones scoring high or low on Hofstede’s dimensions (Swaidan 2012).

***Power distance:*** Individuals scoring low in this dimension will generally reject unethical activities more than their high power distance counterparts (Yoo, Donthu 2002; Swaidan 2012). The reasoning behind lies in the fact that “consumers with large power distance like formalization of authority, prefer top-down communication and, consequently, pay less attention to ethical standards” (Swaidan 2012, p. 206). However, the influence of this dimension seems stronger in organizational environments than at the consumer

level. Therefore, its impact is relatively low compared to some other dimensions and “the resulting effects remain unpredictable” (Antoine 2015, p. 54).

Individualism: Literature shows a strong positive correlation between levels of collectivism and ethics (Antoine 2015; Swaidan 2012; Yoo, Donthu 2002). Indeed, research shows that individualistic individuals look out on their own interests and perceive unethical problems as being more acceptable. Conversely, collectivists have a stronger moral obligation to their families and societies.

Masculinity: Research shows a negative correlation between levels of masculinity and ethics (Antoine 2015; Swaidan 2012; Yoo, Donthu 2002). Indeed, assertiveness and the importance given to achievements and high earnings are associated with lower ethical standards. Individuals scoring low in this dimension are generally less tolerant of the dollar-driven behavior and more concerned with ethical issues (Swaidan 2012).

Uncertainty avoidance: This dimension is positively correlated with levels of ethics (Singhapakdi et al. 2001; Yoo, Donthu 2002; Swaidan 2012; Antoine 2015). Consumers scoring low in this category are more likely to take risks and tolerate behaviors that are more negotiable. From an ethical perspective, this flexibility is correlated with unethical behavior (Swaidan 2012).

Long-term orientation: Research shows a positive, but moderate, correlation between this dimension and levels of ethics (Antoine 2015; Yoo, Donthu 2002). Indeed, high score in this category are associated with expectations to sacrifice today's pleasures for tomorrow's success, and a desire to avoid shame. Therefore, societies with long-term orientation will more likely conform to norms and avoid unethical behaviors.

In summary, and by relative order of importance, the following scores in the five dimensions are associated with higher ethical standards in consumers:

- High collectivism (low individualism)
- High uncertainty avoidance
- Low masculinity (high femininity)
- High long-term orientation
- Low power distance

One should be cautious, however, in categorizing countries belonging to one or the other end of these cultural orientations. Indeed, with the presence of subcultures and the growing globalization, the variability along cultural dimensions may be considerable within a country (Antoine 2015; Cui, Lui, Chan, Joy 2012; Clugston et al. 2000). Research

should not confound nationality with culture, and individual differences should be taken into account (Yoo, Donthu 2002). “Understanding consumers’ subculture is vital for the development of successful marketing strategies that integrate consumer’s moral values” (Swaidan 2012, p. 201).

Moreover, “other competing beliefs and values and important contextual variables may weaken the effect of the cultural values” (Krikman et al. 2006, cited in Cui, Lui, Chan, Joy 2012, p. 216). It is therefore not surprising that contradictions arise in the literature when authors try to determine “whether differences in ethical decision-making are indeed due to culture or to other factors” (Swaidan 2012, p. 204).

**Country development:** Literature shows that the level of development of countries may be a driver of differences in ethical behaviors between countries as important as culture, if not more. Levels of ethics are usually higher in developed countries than in the lower-income ones and “GDP per capita is a significant factor in predicting differing perceptions about appropriate negotiation and business behavior” (Burnaz, Atakan, Topcu, Singhapakdi 2009, p. 373). In her paper, Carrigan notes that Singhapakdi, an author having extensively studied the relation between culture and marketing ethics, suggested “that economic development drives countries in a common direction, despite the divergence of their cultures and histories” (2005, p. 489).

**Age:** As people get older, they acquire more life experience and move through stages of moral development. Studies showed a “positive relationship between age and ethical behavior” (Singhapakdi et al. 2001, p. 6). Moreover, age was proven to be the most significant demographic variable, with older consumer being more ethical (Vitell 2003, cited in Antoine 2015, p. 32).

**Gender:** Studies regarding the influence of gender are generally inconsistent. While some result in females being more ethically concerned than males and vice-versa, others could not prove any difference between the two genders. (Antoine 2015; Vitell 2003; Peterson et al. 2010; Leonidou et al. 2013).

**Education:** Studies show that there is a positive correlation between the levels of education and marketing ethics (Leonidou et al. 2013). Indeed, more educated consumers know more about marketing practices and tend to not only pay attention to a brand or a company but also to a company’s footprint (Antoine 2015). However, individuals with similar levels of education may greatly differ in their perceptions of ethics, thus making this parameter of moderate importance.

**Income:** Studies suggest that, like education, income should be positively correlated with marketing ethics but results in this sense tend to be non-significant and contradictory (Antoine 2015; Leonidou et al. 2013). What can be noted, though, is that low-income consumers are put “in a position to accept poor quality products, higher prices and low-value exchanges” (Hill 2008, cited in Antoine 2015, p. 44). In other words, they have to accept unethical products and not look for more sustainable options.

**Nationality:** This aspect per se is not directly an influencer of ethics, as cross-countries studies cannot directly link nationality with ethical differences, and when they do, results seem contradictory (Leonidou et al. 2013). However, nationality indirectly has an effect because it aggregates culture and level of country development for instance and these are in turn among the macro factors shaping ethical behaviors.

**Country of residence:** As people expatriate themselves more often this century than ever, an acculturation effect happens over time. According to some studies, even though people immigrating retain a good part of their original culture at first, over time “their behavior, attitudes and values (will shift) toward those of the host culture” (Antoine 2015, p. 83). Authors mention that this effect is not easy to explain, that adapting residents will experience some flux between the host and original cultures, and that it takes three to five years to truly affect consumers. This aspect is particularly relevant when studying countries such as Switzerland which is highly composed of foreign or naturalized people.

**Consumerism:** In this case, it should be understood as “the advocacy of consumers’ rights and protection of their interests rather than the promotion of consumption” (Cui, Lui, Chan, Joy 2012, p. 215). Intuitively, a high level of consumerism in a country should be correlated with people being less tolerant of unethical behaviors but studies could not significantly prove this correlation. Therefore, the level of protection of consumers has a weak influence on their ethical perceptions.

**Personal values:** As postulated in the Hunt-Vitell theory, ethical behaviors are not only influenced by the environmental or demographic variables, but also by personal values, beliefs and ethical ideologies that are peculiar to each individual.

**Religion:** Literature credits a limited effect to religion. One study showed that only “very religious” people would provide a significant difference in ethicality (Peterson et al. 2010). Another paper suggested that “a strong religious perception is related to ethical values but not necessarily to business decisions” (Sarwono, Armstrong 2001, p. 49).

**Idealism vs Relativism:** as the H-V theory states, individuals make ethical judgements with a composition of deontological and teleological approaches in which the

“deontological (idealism) seems to carry more weight” (Vitell 2003, p. 40). Studies show that idealism is linked to higher ethical beliefs while relativism is related to lower ethical beliefs (Vitell 2003).

Egoism vs Utilitarianism: Not surprisingly, research shows that more egoistic people are less sensitive to unethical practices (Leonidou et al. 2013). Indeed, as people who have utilitarianistic values think of rightness only when it is beneficial for the greatest number of people, they will have higher ethical beliefs. The relative impact of this factor compared to others remains unknown.

Machiavellianism: Studies showed that the impact of this factor is significant and is negatively correlated with ethical perception (Arli et al. 2015; Vitell 2003). The relative influence seems to be at a similar level that idealism vs relativism. (Vitell 2003).

Materialism: This personal value is “negatively correlated with people’s higher ethical standards as consumers” (Arli et al. 2015, p. 453). Indeed, it induces individuals to buy “more than marketers provide” and can “become more important than religion, friends and other achievements”. Materialistic consumers are sensitive of how they are perceived through their possessions and therefore “tend to bend ethical rules” to acquire a better status in their social group (Arli et al. 2015, p. 453). While some studies confirmed the correlation, others could not qualify it as a significant determinant of ethical intentions so more research needs to be done for this value. (Vitell 2003).

Trust: The level of trust of consumers toward marketing practices is a crucial factor for companies to engage in long-term relationships (Arli et al. 2015). Therefore, there is a positive association between a firm’s marketing ethicality and level of trust from consumers (Leonidou et al. 2013).

**Other factors:** As the literature shows, ethical decision-making processes can be influenced by a plethora of factors. To truly understand where do ethics in individuals come from, more or new research needs to be done regarding the following factors: marital status, traditions, experience, consumer requirements, product involvement, store commitment, loyalty proneness, political orientation, colonialism, war, terrorism, civil unrest, optimism vs pessimism, generosity, guilt proneness, opportunism, other personal values, etc. (Carrigan et al. 2005; Vitell 2003; Leonidou et al. 2013; Abromaityte-Sereikiene 2006).

### 1.5.2 Scales used to measure ethical behaviors

In the field of consumers' ethics, most of the research has used an applied version of Muncy and Vitell's Consumer Ethics Scale (CES) originally created in 1992 and updated in 2005 (Arli, Tjiptono, Winit 2015). The updated version (Vitell, Muncy 2005) tests consumers regarding 31 items grouped in seven categories:

- Actively benefiting from illegal activities
- Passively benefiting
- Actively benefiting from deceptive (or questionable, but legal) practices
- No harm/no foul activities
- Downloading/buying counterfeit goods
- Recycling/environmental awareness
- Doing the right thing/doing good

This scale has been recognized as quite appropriate for use in cross-cultural studies but only a fraction of it was adapted for this research, as it contains too many items and many of them are outdated by 2017. This is further discussed in the analysis part of this paper.

The second scale used for this study is the ethically minded consumer behavior (EMCB) (Sudbury-Riley, Kohlbacher 2016). This one tests consumers regarding 10 items grouped in 5 categories:

- Deliberate selections of environmentally friendly products over their less friendly alternatives
- Specific recycling issues
- Refusal to purchase a product based on environmental issues
- Refusal to purchase a product based on social issues
- Willingness to pay more for an ethical product

The rationale behind this scale is particularly relevant as it pointed out the attitude-behavior gap which is the phenomenon that "ethical intentions are rarely acted upon in terms of ethical consumer choices" (Carrigan et al. 2011, cited in Sudbury-Riley, Kohlbacher 2016, p. 2699). This is due to the type of surveys commonly used in consumer research that "measure future intentions rather than ask questions to actual behavior" (Andorfer and Liebe 2012, cited in Sudbury-Riley, Kohlbacher 2016, p. 2699). This finding is also coherent with the Hunt-Vitell theory stating that the ultimate behavior may be modified by the "action control". Therefore, the strength of this scale is that it aims to reflect behavior as opposed to beliefs, attitudes, or intentions. The authors note that respondents may lie or exaggerate in any survey but that "aggregating a number of



different behaviors across a variety of situations can better predict behavioral outcomes” (Sudbury-Riley, Kohlbacher 2016, p. 2699).

### 1.5.3 Background of the studied countries

**French-Speaking Europe:** This region is composed of France, French-speaking Switzerland, Wallonia (Belgium) and Luxembourg. Although the four countries are different in many ways, they also share many aspects.

**Figure 2 - French-speaking Europe**

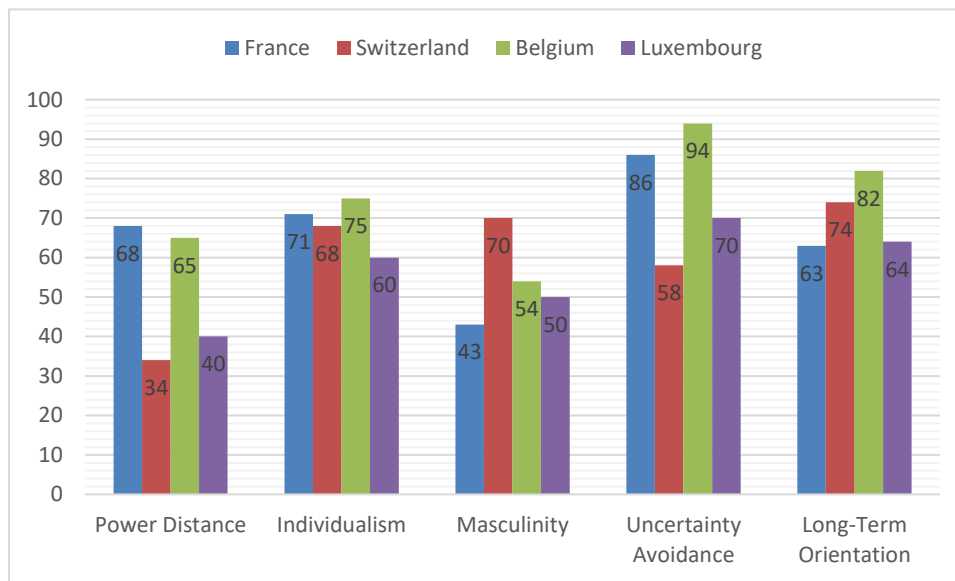


Source : (earlstart.co.uk [no date])

First, these four countries all enjoy a high level of development by being in the top 30 in terms of GDP per capita (Luxembourg: 2<sup>nd</sup>, Switzerland: 9<sup>th</sup>, Belgium: 21<sup>st</sup> and France 27<sup>th</sup>) (The World Bank 2016). In terms of Human Development Index (HDI), they also rank high (France and Luxembourg: 20<sup>th</sup>, Switzerland: 2<sup>nd</sup> and Belgium: 22<sup>nd</sup>) (Human Development Reports 2017). The region combines a market size of about 73,090,000 inhabitants (CountryReports - France [no date], CountryReports - Luxembourg [no date], Région wallonne 2017, Suisse romande 2017).

Culturally speaking, this region is more united compared to the rest of the surrounding countries, simply due to the fact that they speak the same language, being a well-known factor of cultural similarities. As per Hofstede's dimensions they rank as the following:

**Figure 3 - Cultural Dimensions of French-speaking Europe**



Source: (Dimensions - Geert Hofstede [no date])

As these are the aggregated values for the countries, there are some internal differences for Switzerland and Belgium who have inner cultural differences due to the different languages spoken. For the power distance, the country report states that the French-speaking part of Switzerland ranks as high as France, meaning that people accept a hierarchical order much more than their German-Swiss counterparts. The situation is the same for the uncertainty avoidance where the French-speaking part scores a lot higher than the country's mean, making it closer to France and Belgium. For the masculinity, Wallonia scores higher than its country mean, up to 60.

Therefore, although having some differences, the four countries share a great deal of aspects and, being geographical neighbors, may be considered as one population for the sake of this study.

**Peru:** Located in South America, this country is interesting to compare with French-speaking Europe given that the two regions do not know each other very well. Contemporary Peru is multiethnic, the result of centuries of blending between indigenous people and people coming mostly from Southern Europe, Africa, and Asia. Given that Peru was colonized by the Spaniards, it certainly shares some roots of Latin culture with French-speaking Europe. However, it remains quite different due to the presence of many cultural traditions and in terms of economic development.

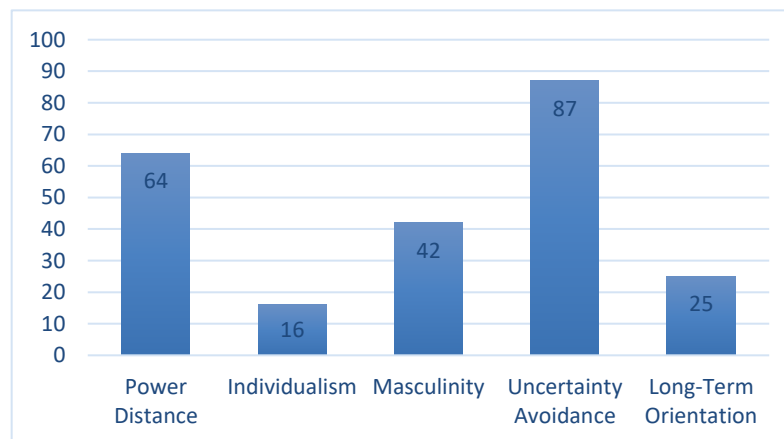
**Figure 4 - Peru in South America**



Source: (patrickdowd.com [no date])

Peru, as a developing country, ranks much lower than the French-speaking countries of Europe. It is 89<sup>th</sup> in terms of GDP per capita (The World Bank 2016) and 87<sup>th</sup> in terms of HDI (Human Development Reports 2017). The market size is of 30,741,062 inhabitants (CountryReports - Peru [no date]). In terms of Hofstede's dimensions, the following results are found:

**Figure 5 - Cultural dimensions of Peru**



Source: (Dimensions - Geert Hofstede [no date])

Peru only strongly differs from the other population on two orientations: individualism and long-term orientation, meaning that the country has a much more collectivistic atmosphere and that it is more strongly attached to its roots and traditions.

## 2. Analysis

### 2.1 Research methodology

Ideally, this research would have required to conduct relatively long interviews or surveys in order to link ethical perceptions to individual cultures and a selection of personal values. This would have been possible for the European population but given that Peru is located on another continent and that results had to be comparable, the only option yielding samples of sufficient sizes was to send short online surveys to the two populations. Therefore, the aim of this exploratory research is not to link the outputs with individual culture or values but to explain results with what is known from the two populations and, more importantly, to provide a marketing discussion about what may be done for firms wanting to implement into the two regions.

#### 2.1.1 Design of the survey

Originally, the survey was purely based on the CES scale reducing the 31 items to 26 and adding an open question to gather insights about what particular ethical aspects consumers may value when buying products or services. However, the survey was still judged too long and many questions were outdated such as “burning a CD instead of buying it”. More importantly, authors of this scale had mentioned:

*“The “actively benefiting from an illegal activity” items from the scale are almost universally seen as being both illegal and unethical. Other dimensions may be better, especially “actively benefiting from a questionable practice” and “no harm””*  
(Vitell 2003, p. 40)

It was noticed that even the last two categories cited contained elements that would probably give similar results in the two samples that would have been difficult to exploit.

The decision was taken to only measure what consumers value regarding environmental or social issues rather than evaluating situations that they may regard as ethical or not. Therefore, only elements from the two categories “recycling/environmental awareness” and “doing the right thing/doing good” were kept from the CES scale.

Due to this slight change of survey orientation, other elements had to be integrated and some were found in the EMCB scale. This scale uses a phrasing and a scoring method that allows to reduce the attitude-behavior gap by formulating the sentences as actual actions rather than intentions. Sentences start with “I buy/ don’t buy” and the scoring method ranges along five points and goes from “never true” to “always true”. The items taken from the CES scale were therefore rephrased to fit this method and to complete

the coverage of issues treated, two questions were added regarding gender inequality and animal welfare.

One question taken from the CES scale was adapted differently, respondents had to answer if they recycled none, one, two, three or all of the materials proposed. This was done to precise how many materials they do recycle instead of asking if they generally recycle or not. The fact that five answers were possible makes this question comparable to the five-points scoring method of the other questions.

Regarding the demographic data, the decision was made not to ask for too many in order to keep the survey short. The only demographic questions asked were gender, age, nationality and country of residence. Age and gender were asked to have a better idea of the population surveyed and see if the findings comfort the literature. Nationality and country of residence are important because they represent the inclusion/exclusion criteria. Indeed, for the European population, the sample had to be from either France, Switzerland, Belgium or Luxembourg. Were also accepted people having a different nationality but living in one of the four countries because of the fact, mentioned in the literature review, that people immigrating in a country will gradually adapt their level of ethics to the host nation. For the Latin American population, an attempt at collecting data from various countries was made but due to the vast majority of respondents coming from Peru, the sample was reduced to just people having the Peruvian nationality or living in the country. See appendix 1 for the English version of the survey.

### **2.1.2 Data collection**

First, the survey was translated into French and Spanish, not creating any online version in English in order to avoid answers from people not belonging to the populations studied. The links were shared on social medias such as Facebook, Twitter and LinkedIn, both personally to contacts who were asked to share the link with their own contacts and also as publications that were shared on “walls” and in “groups”. See appendix 2 and 3 for the translated versions of the survey.

## 2.2 Scope and limitations

A major limitation of this study is that it treats cultural orientations at country-level. It would have been more appropriate to account for subcultures and even individual-level culture. Indeed, this kind of approach may stereotype the nations, ignoring that they contain individual differences in cultural values. As “ethical behavior is an individual level characteristic, so to link ethics and culture, cultural values also need to be measured at the individual level” (Yoo, Donthu 2002, p. 92). Therefore, the conclusions about the nation-wide reasons for ethical behavior must be considered simply as a basis and further research needs to be done to truly understand the differences in consumers’ characteristics.

Another limitation is that the exploratory phase was done through online surveys, thus limiting the respondents to those who have access to the internet. It would be more accurate to get results from more remote places in the countries studied.

A final limitation is that this study is only representative of the younger generation falling in the 18-34 age category, probably partially due to the method of online data collection. This point is more thoroughly discussed in the “analysis of the findings” section.

## 2.3 Results

A total of 129 and 106 answers were respectively collected for the French and Spanish surveys. After elimination according to the inclusion/exclusion criteria, were kept a total of 126 answers for the French survey and total of 76 answers for the Spanish one. For the remaining of this analysis, the two samples are respectively called EU and PE.

The samples characteristics are summarized in the forthcoming Table 1. In terms of gender, the EU sample has more female respondents (59%) against 40% of male respondents. Only one person did not identify with one of the two genders. The distribution is more equal for the PE sample with 48% and 51% respectively for female and male with also one respondent not identifying as male nor female.

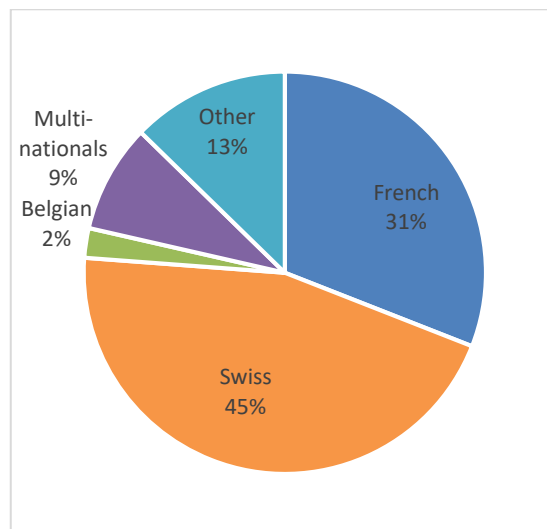
**Table 1 - Comparative sample characteristics**

	EU	PE	Total
	N=126	N=76	N=202
<b>Gender</b>			
Male	50 (40%)	39 (51%)	89 (44%)
Female	75 (59%)	36 (48%)	111 (55%)
Other	1 (1%)	1 (1%)	2 (1%)
<b>Age</b>			
18-33	113 (90%)	69 (91%)	182 (90%)
34-49	9 (7%)	7 (9%)	16 (8%)
50-64	4 (3%)	0	4 (2%)
Over 65	0	0	0

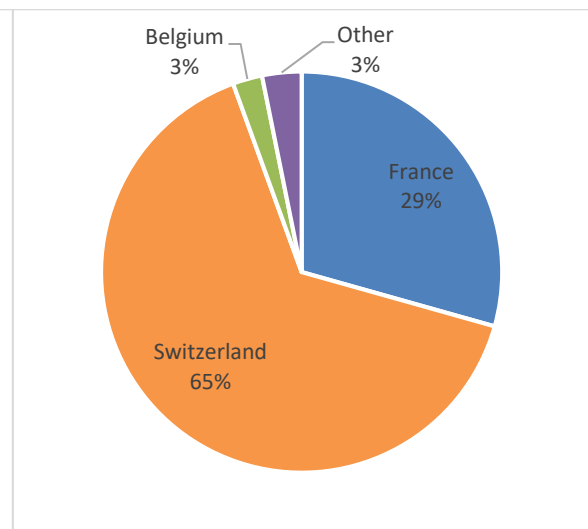
In terms of age, around 90% of respondents fall in the 18-33 category, thus making both samples only representative of the younger generation of consumers.

For the PE sample, almost only Peruvians living in Peru were retained except for one living abroad and one Colombian living in the country. For the EU sample the repartition has more variety, as seen on the two following figures:

**Figure 6 - EU - Nationalities**



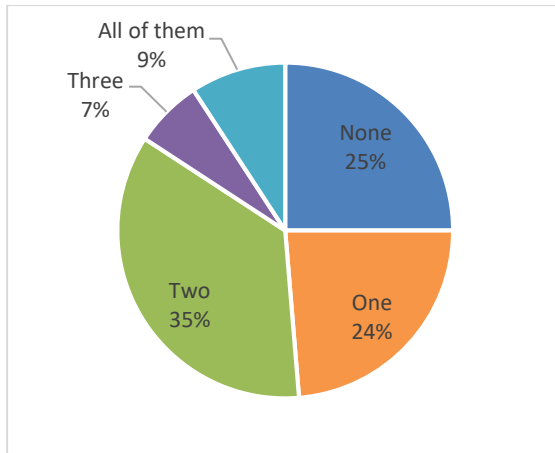
**Figure 7 - EU - Country of residence**



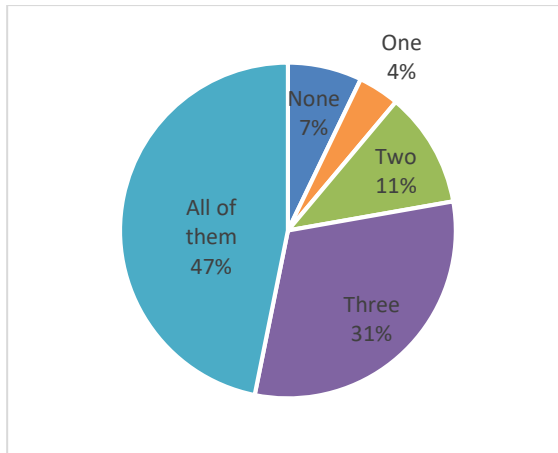
Unfortunately, there was no respondent from Luxembourg. Multi-nationals in this case are people having one of the three nationalities studied (i.e. Swiss, French or Belgian) combined with one or more others.

For the first question of the survey: “How many of these materials do you recycle: glass, plastic, paper, aluminum?”, results were converted in percentages and are displayed in the following figures:

**Figure 8 - PE - Materials recycled**



**Figure 9 - EU - Materials recycled**



Note that this question will be referred as “Recycle” for the rest of this study.

For the next part of the survey, respondents had to answer how the following five statements applied to them, based on a five-points Likert scale going from “never true” to “always true”. The five statements are listed hereafter with the code that will be used to refer to them for the rest of this paper.

- I buy products labeled as “environmentally friendly” even if they don’t work as well as competing products: S1
- If my budget allows it, I pay more for “environmentally friendly” products although there is a cheaper alternative: S2
- I do not buy products from companies that stereotype the role of men and women in their advertisement: S3
- I do not purchase products from companies that I believe don’t treat their employees fairly: S4
- I do not buy products from companies doing animal testing: S5

Results combined for the two samples are summarized in the following Table 2. The detailed scores of each answer is displayed in percentages. The mean for each statement and each sample is also provided in this table, along with associated standard deviations (for each line, the higher mean is displayed in green, and the lower in red). Each statement will be individually analyzed in the next section of this chapter.

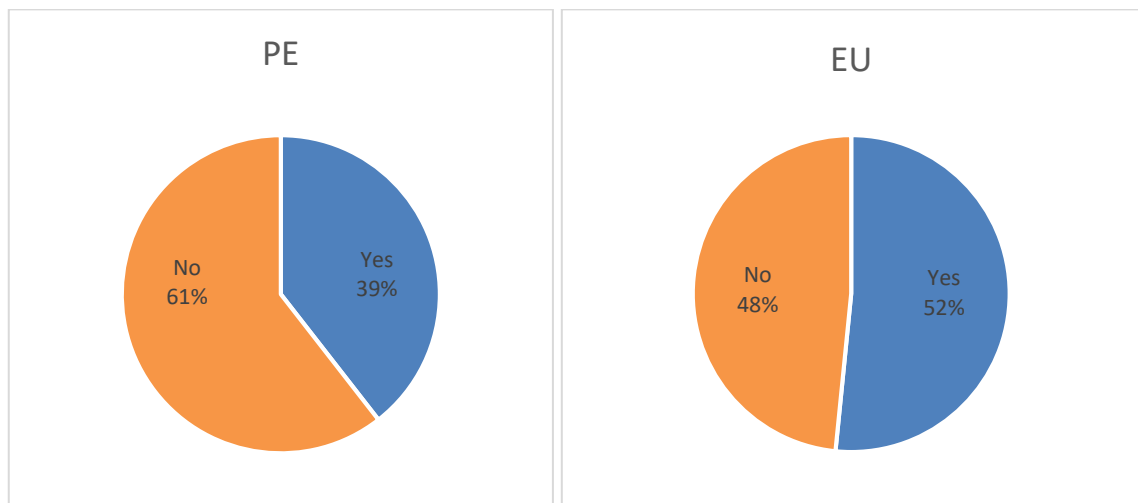


**Table 2 - Results from the two samples for the five statements**

	Never true		Rarely true		Sometimes true		Mostly true		Always true		Mean (s.d.)	
	1		2		3		4		5			
	PE	EU	PE	EU	PE	EU	PE	EU	PE	EU	PE	EU
<b>S1</b>	13%	17.5%	32%	25%	37%	37%	14%	17.5%	4%	3%	2.64 (1.02)	2.63 (1.06)
<b>S2</b>	10.5%	10%	17%	12%	34%	21%	32%	35 %	6.5%	22%	3.07 (1.09)	3.48 (1.23)
<b>S3</b>	12%	23%	37%	27%	29%	28%	17%	16.5%	5%	5.5%	2.67 (1.06)	2.55 (1.18)
<b>S4</b>	16%	11%	26%	25%	22%	32%	24%	25%	12%	7%	2.89 (1.27)	2.91 (1.11)
<b>S5</b>	25%	17%	24%	24%	20%	21%	21%	21%	10%	17%	2.68 (1.34)	2.97 (1.34)

Finally, for the last question: “Is there any aspect regarding the environment or a social cause that you value when buying a product or a service?”, results were converted in percentages and are displayed in the two following figures:

**Figure 10 - Environmental or social aspect valued for the two samples**



Respondents having answered yes to this question were invited to specify which aspects they valued but not all of them answered or some said that these aspects were already mentioned in the previous questions. The relevant answers along with some of the optional comments received are analyzed in the next section and also used to complete the analysis of other points of the next section as well as the discussion in the next chapter.

## 2.4 Analysis of the findings

**Reliability of the scale:** Although items showed good consistency in the scales from which they were taken from, some were taken out or reformulated and new ones were added. Therefore, tests using the Cronbach's alpha were conducted to assess the internal consistency of the scale. First of all, answers of the question "Recycle" had to be converted the following way to match the five-points Likert scale of the statements: "None" → 1, "One" → 2, "Two" → 3, "Three" → 4, "All of them" → 5.

The method used to calculate Cronbach's alphas was to first perform a "Two-factor without replication" ANOVA analysis with Excel. For this, all answers for the six questions ("Recycle" and the five statements) are selected for one sample and run through the Excel add-in with a level of significance of 0.05. Results are summed up in a table like this:

**Table 3 - EU - ANOVA Two-factor without replication for 6 items**

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	499.619	125	3.996952	4.487084	3.35E-36	1.244266
Columns	207.6032	5	41.52063	46.61216	5.83E-41	2.228442
Error	556.7302	625	0.890768			
Total	1263.952	755				

The final step to calculate the coefficient is as follows:  $\alpha = 1 - (MS_{\text{Error}}/MS_{\text{Rows}})$ , MS being the mean square. For this example, we find  $\alpha = 1 - (0.890768/3.996952) = 0.777138$ .

The literature is not consistent with what ideal value alpha should have and that it is most of the time arbitrary, like a rule of thumb with no precise rules (Cronbach's Alpha | Real Statistics Using Excel [no date], Using and Interpreting Cronbach's Alpha [no date]). Most say that a value between 0.7 (sometimes 0.6 or 0.65) and 0.8 is acceptable and between 0.8 and 0.95 is preferred. All agree that values over 0.95 show too many correlations and therefore redundancy in the items of the scale. Values lower than 0.5 are considered unacceptable. The number of items in the scale also influences the coefficient, with higher numbers giving higher values of  $\alpha$ .

Results respectively give  $\alpha = 0.78$  and  $\alpha = 0.64$  for the EU and PE samples. This shows acceptable correlations for the items in the EU sample and borderline results for the PE sample. Since the coefficient is there to test correlations of items regarding one factor, it was thought that the general ethical orientation of consumers might be too broad and

that the scale could be divided into two parts: environmental aspects (“Recycle”, S1 and S2) and social aspects (S3, S4 and S5). Doing the calculations again give the following results:

**Table 4 - Cronbach’s alphas**

	α 6-items	α Environment	α Social
PE	0.64	0.67	0.64
EU	0.78	0.7	0.71

Results show little variation of the coefficient by separating the scale into two parts. Therefore, either way the inherent reliability of the scale is judged acceptable as no coefficient falls into the 0.5-0.6 category or below. Reliability is better for the French version but could be improved for both versions by adding some items. Of course, this coefficient in itself is not a measure of validity, only a good indicator of consistency between items of a scale.

**Quantitative analysis, comparing means:** Since one of the goal of this exploratory research is to compare the scores obtained from the two samples for the six quantitative questions (“Recycle” and S1 to S5), the most adequate way is to compare the means for each question using t-tests. Apart from testing if the means are significantly different between the two samples, are also tested the differences resulting from the independent variables (gender and age) within the samples and for the two combined.

The t-test is the statistical test more suited for this analysis because the population standard deviation is unknown (it is only known for the samples). Additionally, t-tests can be performed for smaller samples (<30) which is generally not the case here but useful at some point when comparing the means for different age categories since there are less than 30 people falling in the 34+ category for instance (Andale 2016).

The procedure for one test is shown hereafter, and the results for the rest are displayed in charts and tables. The following assumptions are made in order to be able to perform the t-tests: the sampling method for each sample is “simple random sampling”, the samples are not related, therefore independent, each population is 20 times larger than its respective sample, and the sampling distribution is normal (Hypothesis Test: Difference in Means [no date]).

The hypothesis tested is the same for all variables: are the means significantly different? It can be written as  $H_0: \mu_1 - \mu_2 = 0$ ;  $H_0$  being the null hypothesis that  $\mu_1$  and  $\mu_2$  (the means for the two samples tested) will be cancelling each other if they are equal. If the hypothesis is rejected then the two means are significantly not equal, written as the

alternative hypothesis:  $H_1: \mu_1 - \mu_2 \neq 0$ . Moreover, this is a two-tailed test because there are no assumptions about which sample should have a higher mean (Differences between one-tailed and two-tailed tests [no date]).

The test is then performed with Excel using the add-in: “t-test: two-sample assuming unequal variances” with a significance level of  $\alpha=0.05$ . The following example is the result for the comparison of PE vs EU for S1:

**Table 5 - t-test of PE vs EU for S1**

t-Test: Two-Sample Assuming Unequal Variances		
	Variable 1	Variable 2
Mean	2.644737	2.6349206
Variance	1.032105	1.1296508
Observations	76	126
Hypothesized Mean Difference	0	
df	164	
t Stat	0.065375	
P(T<=t) one-tail	0.473978	
t Critical one-tail	1.654198	
P(T<=t) two-tail	0.947955	
t Critical two-tail	1.974535	

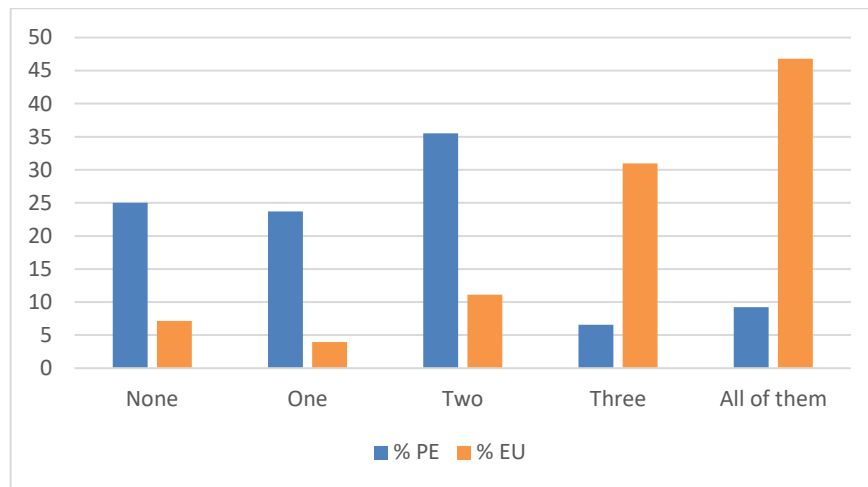
Here the variable 1 is for the PE sample and the second one is for EU. We can see that the observations correspond to the number of people surveyed for each sample. The mean is higher for the first variable but: the p-value of 0.948 is above 0.05, directly showing that the difference is not significant. Moreover, the t-Stat is comprised within the t Critical two-tail:  $-1.9745 < 0.0654 < 1.9745$ . Therefore, in this case we fail to reject the null hypothesis and although the first mean is higher than the second, the difference is not statistically significant for the significance level of 0.05.

In other cases, we will reject the null hypothesis when the p-value is below 0.05 and the t-Stat is out of the t Critical two-tail, thus showing significant differences.

#### How many of these materials do you recycle: glass, plastic, paper, aluminum?

As mentioned on page 24, the results for this question were converted into percentages. The comparison of the results is shown on the following chart:

**Figure 11 - PE vs EU for "Recycle"**



Even without the statistical test, we can see here that the difference in recycling behavior is great. Indeed, the p-value resulting from the t-test is of  $1.15E-15$ , well below the 0.05 required to show significant difference, alongside with a t-stat of  $-8.93 < t\text{-critical of } -1.98$ . In the EU sample, 78% of the respondents recycle three materials or more while this represents only 16% of the PE sample.

This difference is not surprising since recycling awareness has been provided in French-speaking Europe for many years now, with some of the places giving substantial fines for not recycling properly. This awareness is much more recent in Peru where a great deal of cities still do not have a trash-collection system, with garbage sitting in the streets or being dumped in the rivers (Peruvian Times [no date]). Overall, the country has a different relationship to trash than Europe has. Since the major part is not recycled, one sad consequence is that poorer people go through what they find in order to take out what can be recycled and earn some money out of it. Another aspect is that people will tend to repair and reuse their objects as much as they can before throwing them right away like it is more commonly done in Europe.

The situation is evolving, though, the government is trying to push its citizens to recycle more. Recycling bins have made their appearance in places such as universities but, for some years at first, the recycling bins were just there to raise awareness since the trash-collectors were mixing everything to be ultimately burned.

Lastly, this situation gives way for start-ups and small enterprises to burgeon and try to make a change with already more than a hundred involved in the matter (Marienella Ortiz for El Comercio 2013). Other promising initiatives are put in place, such as the following:

*“Between July 2009 and April 2013, the “Swiss e-waste programme” for Peru was executed by the Swiss Federal Institute for Materials Research and Technology (Empa) and its Peruvian counterpart IPES. Since 2013 the project activities were prolonged through the “Sustainable Recycling Industries” (SRI) programme in order to consolidate advances through the implementation of a legal e-waste framework, other aspects of communication and standardization, as well as producer-led take back systems.”*

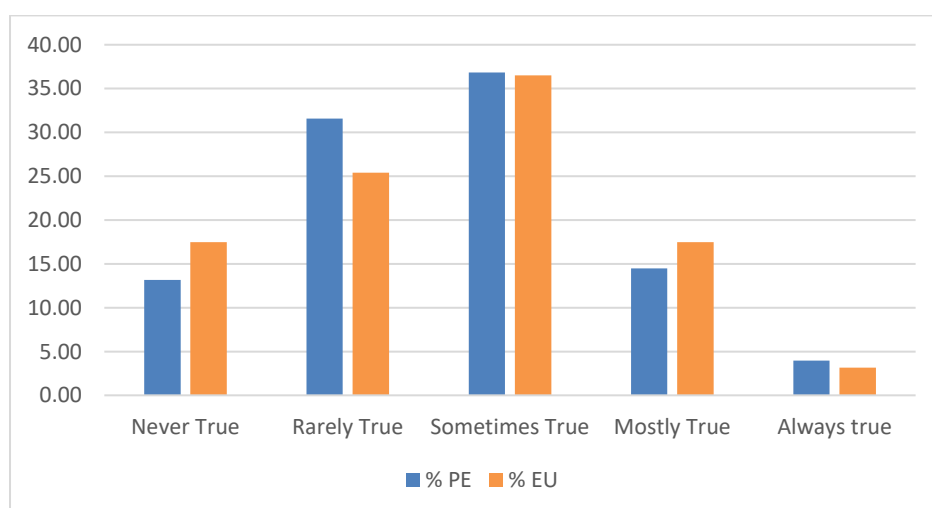
*(Peru–Sustainable Recycling Industries [no date])*

Therefore, the difference found between the two samples regarding this issue can be linked much more to the development of the countries and the recycling policies than to different cultural orientations or personal values. To come back to the H-V theory, this difference in ethical behavior could also be linked to different “perceived consequences”, since recycling awareness is still lacking and a large part of the Peruvian population still do not view the recycling issue as having too much consequences during their teleological approach.

I buy products labeled as “environmentally friendly” even if they don’t work as well as competing products

The following chart shows the comparison of scores in percentage obtained for this question, as already summarized in Table 2.

**Figure 12 - PE vs EU for S1**



The comparison of the two samples for this question was the one used as an example before. The PE sample has a slightly better mean than EU (2.64 vs 2.63) but this difference is not significant with a p-value of  $0.95 > 0.05$ . Moreover, the means obtained are both under the average the scale which is 3. Therefore, in both regions people are hesitating whether they should buy “environmentally friendly” products that may not work as well as less sustainable options. Also, the way the question is formulated suggests

that we are talking about products that can “work”, thus discarding all food and beverages. This product category is, however, covered by the next question.

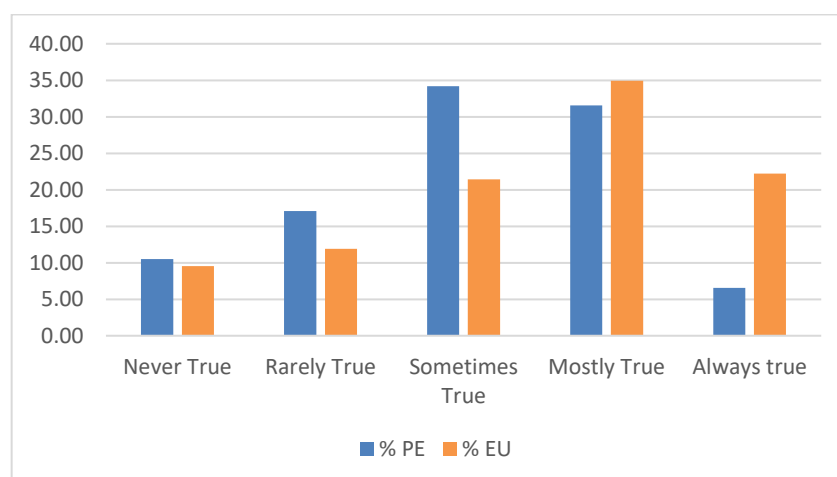
As later discussed for the qualitative question, both samples generally feel concerned about environmental issues but with nuances about which points are the most important. For instance, although the two samples attach importance to reducing global warming gases, the EU sample is more looking for recycled products or products not coming from overseas to avoid transportation while the PE sample cares more about preservation of the natural resources that are extracted from its country. Therefore, the qualitative answers comfort this result in saying there exists a share of people interested in “environmentally friendly” products for the two regions and that it is not possible to determine if one region is more interested than the other.

Some data taken from the World Value Survey (WVS Database [no date]) are useful to complete this analysis. To the statement “Looking after the environment is important to this person; to care for nature and save life resources”, 54% of Peruvian answered “very much like me” or “like me” against 54% of French and 67% of Swiss. To the question: “which of the following statements comes closer to your own point of view? Protecting the environment or economic growth and creating jobs”, 63% of Peruvians answered “protecting the environment” against 53% of French and 71% of Swiss. The data from this survey only reveals that Swiss people are the most concerned, but does not show an important gap overall between the two studied regions.

If my budget allows it, I pay more for “environmentally friendly” products although there is a cheaper alternative

The following chart shows the comparison of scores in percentage obtained for this question, as already summarized in Table 2.

**Figure 13 - PE vs EU for S2**



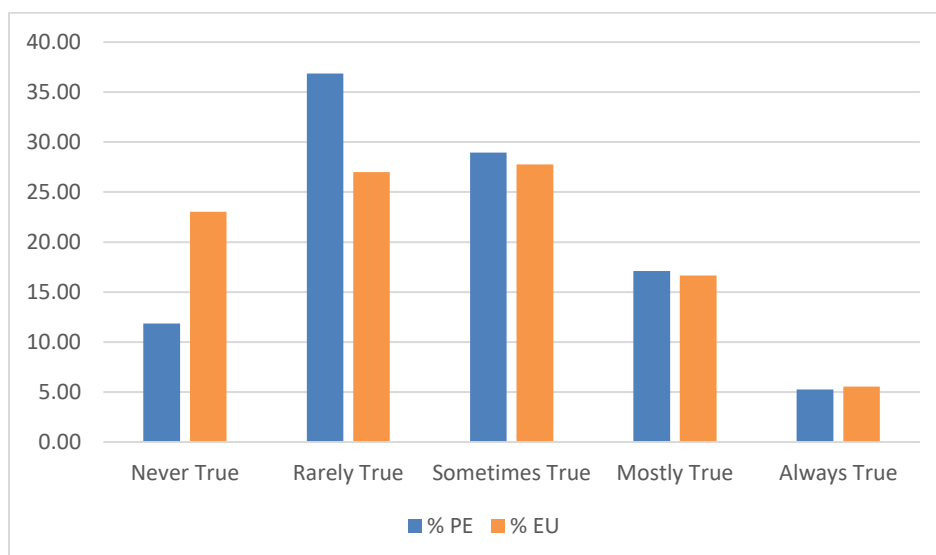
For this statement, the EU sample scored higher than PE with respective means of 3.48 and 3.07. The difference is statistically significant with a p-value of  $0.013 < 0.05$  and a t-stat of  $-2.52 < t\text{-critical of } -1.97$ . This means that people from French-speaking Europe are indeed more willing to pay a premium for “environmentally friendly” products than Peruvian consumers and this even though it was specified “if my budget allows it”.

When completing this result with answers from the qualitative question, it stands out that the EU sample is more used to buy “environmentally friendly” products because they have a choice that is rarer in Peru. Indeed, the French-speaking population is overwhelmed by labels for all sorts of things while the Peruvian consumers are not so informed about the ecological or social impact of what they buy. Therefore, it is logical that the EU sample generally spends more on these types of products because they simply have access to more sustainable alternatives. It is assumed that with more choice, there is more competition for “environmentally friendly” products so prices are comparatively more affordable for the EU population than for PE.

#### I do not buy products from companies that stereotype the role of men and women in their advertisement

The following chart shows the comparison of scores in percentage obtained for this question, as already summarized in Table 2.

**Figure 14 - PE vs EU for S3**



For this statement, the PE sample score higher than EU with respective means of 2.67 and 2.55. The difference is however statistically non-significant with a p-value of  $0.44 > 0.05$  and a t-stat of  $0.77 < t\text{-critical of } 1.97$ . The two populations then do not differ when boycotting products from companies stereotyping the role of men and women in



their advertisement. The mean for the two samples is well below the average of the scale of 3, meaning that both populations do not put much emphasis on this aspect

The qualitative question confirms this tendency, with few mentions of this aspect coming from both samples. It is, however, a growing topic for both regions even though they are at different levels regarding the matter. Indeed, while French-speaking Europe has been thriving for gender equality for some time now and is currently fighting for more equal salaries and less stereotype in advertisements, Peru is behind in this field with some more urgent aspects to deal with such as machismo and physical abuses of women which are rampant in the country. This sadly also still exists in French-speaking Europe but the problem is less critical.

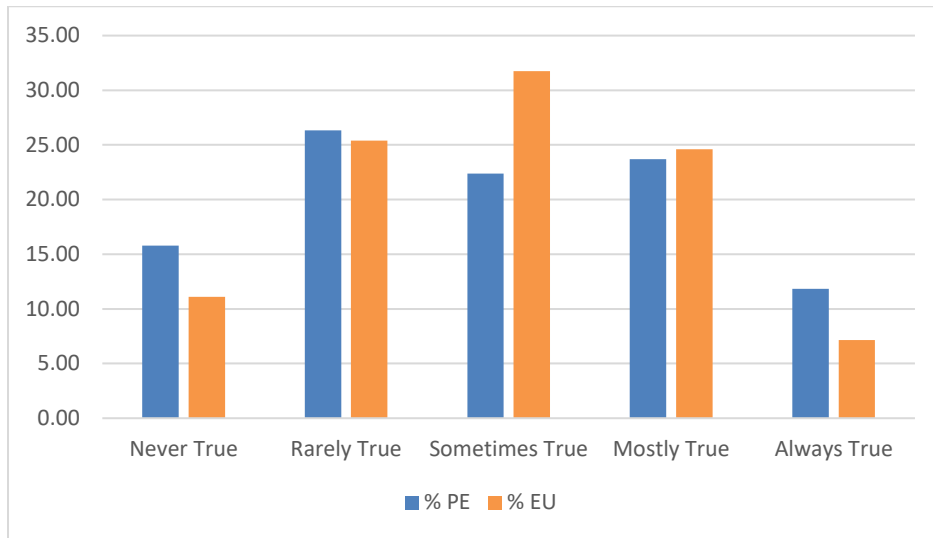
To complete the analysis of this question, some data from the World Value Survey is useful (WVS Database [no date]). To the question: "when jobs are scarce, men should have more right to a job than women" the two regions answer similarly with "agree" for 18% of Peruvians, 18% of French and 22% of Swiss. To the question: "a university education is more important for a boy than for a girl" the differences are small with 14% of Peruvians agreeing or strongly agreeing against 7% of French and 10% of Swiss. To the question: "On the whole, men make better business executives than women do" again the differences are marginal with 15% of Peruvians agreeing or strongly agreeing against 14% of French and Swiss. This data reveals that, although the two regions struggle on different levels for gender equality, its citizens have fairly similar views about the topic.

It would have been possible, then, that EU had scored higher in this dimension. But, as results show, when speaking particularly about stereotypes in commercials, it is currently not the biggest issue to deal with for both populations, at least for the 18-33 age category which represents the major part of both samples.

I do not purchase products from companies that I believe don't treat their employees fairly

The following chart shows the comparison of scores in percentage obtained for this question, as already summarized in Table 2.

**Figure 15 - PE vs EU for S4**



The EU sample scored slightly higher than PE for this statement, with respective means of 2.91 and 2.89. The difference is not significant with a p-value of  $0.91 > 0.05$  and a t-stat of  $-0.1 > t\text{-critical of } -1.98$ . Here again, the means are close to the scale average of 3, showing that both populations attach a mild importance in boycotting products from companies that they believe do not treat their employees fairly.

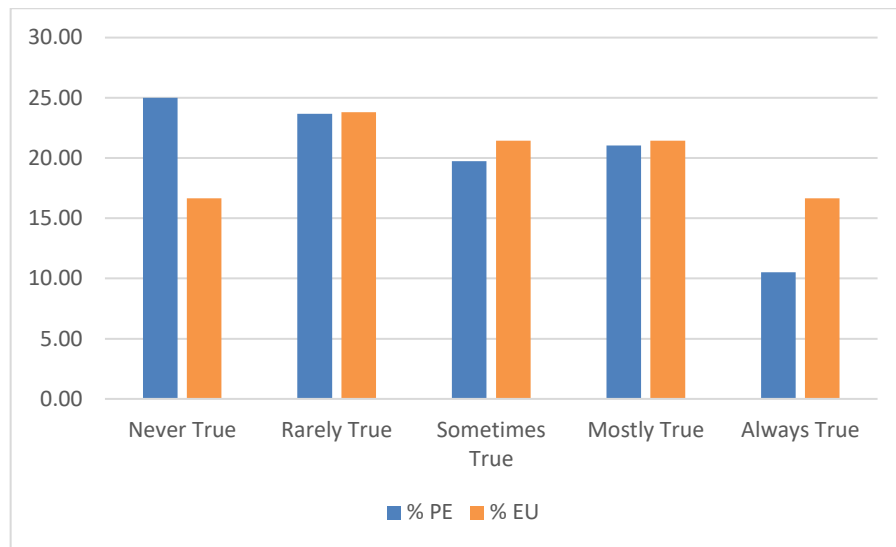
When looking at the qualitative comments, both samples often mentioned that they valued this aspect. Whether for human rights in general or support for workers/farmers, this is an issue that a lot of people seem to care about. The problem is that consumers rarely know the conditions of the workers and this for both samples. Companies not treating their employees fairly are not transparent and unless a scandal becomes public, consumers will not know about it. It is assumed that even when such scandal happens, companies tend to apologize and say they modified the unethical situation so consumers go on buying products from them anyway even if some boycott occurred.

Therefore, both samples have an equal share of around 35% answering “mostly true” and “always true” and do not significantly differ in punishing unethical behavior in this aspect.

#### I do not buy products from companies doing animal testing

The following chart shows the comparison of scores in percentage obtained for this question, as already summarized in Table 2.

**Figure 16 - PE vs EU for S5**



For this last quantitative question, EU scores higher than PE with respective means of 2.97 and 2.68. The difference is not statistically significant with a p-value of  $0.13 > 0.05$  and a t-stat of  $-1.5 > t\text{-critical of } -1.98$ . However, compared to the other non-significant results this one is the closest to being statistically accepted.

So, even if the results are not significant for this statement, it seems that EU generally cares a little more about this aspect. The qualitative insights confirm this tendency with much more people mentioning animal welfare in the EU sample.

Moreover, we can see graphically by looking at the extremes of the scale that this question gave polarized results that do not seem to follow a normal distribution: the bar for the middle score of “sometimes true” is lower or close to the adjacent ones. This means that people tend to either always attach a maximum importance to this aspect or attach no importance at all with fewer people having an in between opinion. Therefore, this question divides people in both samples meaning that this polarization probably comes from some other reasons than cultural differences or development of the country. It is assumed that this ethical aspect comes from some personal values.

Influence of gender: Other tests were conducted to check if the gender independent variable had any influence on the answers. Data from respondents with no identified gender were not taken into account for this analysis. The t-tests were done within the samples and for the two samples combined and are summarized in the following table:

**Table 6 - t-tests for differences in means due to gender**

	$\mu$ female	$\mu$ male	p-value	t-stat	t-critical
<b>EU</b>	N=75	N=50			
Recycle	4.17	3.9	0.21	1.26	1.98
S1	2.79	2.42	0.06	1.88	1.98
S2	3.57	3.36	0.35	0.94	1.98
S3	2.76	2.24	0.02	2.35	1.99
S4	3.03	2.76	0.2	1.29	1.98
S5	3.13	2.7	0.09	1.74	1.99
<b>PE</b>	N=36	N=39			
Recycle	2.61	2.36	0.36	0.93	1.99
S1	2.56	2.74	0.43	-0.8	1.99
S2	3.17	3	0.51	0.66	1.99
S3	2.75	2.59	0.52	0.64	1.99
S4	2.89	2.9	0.98	-0.03	1.99
S5	2.44	2.9	0.14	-1.47	1.99
<b>EU + PE</b>	N=111	N=89			
Recycle	3.67	3.22	0.03	2.21	1.97
S1	2.71	2.56	0.32	1	1.97
S2	3.44	3.2	0.16	1.41	1.97
S3	2.76	2.39	0.03	2.23	1.97
S4	2.98	2.82	0.33	0.97	1.97
S5	2.91	2.79	0.52	0.64	1.97

As we can see in this table, females got a higher mean than males 15 times out of the 18 possible. However, these differences are significant only three times where the p-value is under 0.05 and the t-stat is higher than the t-critical. These findings somewhat comfort the literature where the influence of gender gave inconsistent results.

Indeed, while much of the research would credit women to have higher ethical standards, another non-negligent part of the studies stated that there are no significant differences between the two populations, and a smaller portion of studies stated that men have higher ethical standards.

Results obtained from this research lead to the same conclusions: while women seem to have a higher ethical behavior than men, this difference is mild and generally not significant, and sometimes goes the opposite way.

Influence of age: Another series of t-test was conducted this time to see if the age independent variable had any effect on the answers. In this case, the samples were separated into people belonging to the 18-33 age category against all other categories

due to the low number of respondents aged 34 or more. Again, the tests were done within the samples and for the two combined and are summarized in the following table:

**Table 7 - t-tests for differences in means due to age**

	$\mu$ 18-33	$\mu$ 34+	p-value	t-stat	t-critical
<b>EU</b>	N=113	N=13			
Recycle	4.06	4.08	0.96	-0.05	2.13
S1	2.61	2.85	0.58	-0.57	2.16
S2	3.5	3.38	0.76	0.32	2.13
S3	2.58	2.23	0.32	1.03	2.13
S4	2.94	2.69	0.51	0.68	2.14
S5	2.99	2.85	0.74	0.34	2.14
<b>PE</b>	N=69	N=7			
Recycle	2.49	2.71	0.67	-0.45	2.36
S1	2.59	3.14	0.09	-1.9	2.26
S2	3.01	3.57	0.04	-2.29	2.18
S3	2.67	2.71	0.9	-0.12	2.31
S4	2.99	2	0.04	2.42	2.31
S5	2.74	2.14	0.26	1.22	2.31
<b>EU + PE</b>	N=182	N=20			
Recycle	3.47	3.6	0.67	-0.43	2.06
S1	2.6	2.95	0.24	-1.21	2.07
S2	3.31	3.45	0.57	-0.57	2.06
S3	2.62	2.4	0.41	0.83	2.06
S4	2.96	2.45	0.08	1.81	2.07
S5	2.9	2.6	0.37	0.9	2.07

Results for this analysis are contradictory. Indeed, older people have higher means only 9 times out of the 18 possibilities. Moreover, the differences are only significant two times and not for the same category. These findings do not comfort the literature saying that age is the most significant demographic variable influencing ethical behavior of consumers.

There are two reasons that can explain this lack of support for the literature. The first one is simply that the samples are not representative enough of the older generations. Indeed, although we can compare the categories, there should have been at least 30 respondents in each one for them to represent a more statistically reliable sample. The method for data collection, online surveys, is probably not the most adequate to reach older generations.

The second reason is that the few older respondents were in the 34-49 category. Indeed, there were not any respondent in the 50-64 and 65+ categories for PE. The EU sample contains only four persons in the 50-64 and none in the 65+ categories. In the study from

Sudbury-Riley and Kohlbacher (2016), where they developed the EMCB scale from which some items were adapted for this paper but more importantly the rating scale, they focused their research on the 50+ age category, separating their samples into the following categories: 50-59, 60-69, and 70+. Their results gave considerably higher means than the ones obtained here with almost all of them ranging from 3 to 4 while the ones from this paper are more in the 2.5-3 range. The countries they studied were UK, Germany, Hungary and Japan, and one can assume that the same tendency of higher means would have been the case for the countries of this research if the 50+ generations had been surveyed.

This lack of representation of the older generations is therefore a major limitation of this study. It would be preferable to cover all age ranges to get a better picture of the panel of consumers for the two regions. Nevertheless, it does not take value off this research since this younger generation of 18-34 corresponds to the generation Y (millennials) who is expected to be the largest consumer generation in history. They are expected to “spend more than \$200 billion annually starting in 2017 and \$10 trillion in their lifetimes” (Advertising Age [no date]). It is then of growing importance for marketers to gather insights about the consumer behavior of this generation who will naturally become more ethically oriented with time.

Is there any aspect regarding the environment or a social cause that you value when buying a product or a service? If yes please state which aspect(s).

As displayed on page 25, 39% and 52% respectively for PE and EU answered yes to this qualitative question. The goal of this last part of the survey was to gather additional insights about what ethical aspects consumers value when shopping. Some respondents also gave useful feedback in the optional comment space provided at the end of the survey which completed this question along with some negative aspects that consumers had perceived.

Insights for the EU sample:

Many of the respondents said to be sensitive to the labels when making purchases. Fairtrade and bio (organic) are the two main ones that consumers value. Another major trend resulting from this question is that people said to privilege local products, to help their region and/or reduce the ecologic impact of transporting products. Furthermore, many other aspects regarding the respect of the environment, social issues or animal welfare were cited and are summarized in the following paragraphs.

For the environment: FSC and MSC labels, products made from recycled materials, products without plastic, the eco/carbon footprint, deforestation issues, the use of chemicals such as pesticides or antibiotics, no overpackaging of products, biodegradable products.

For animals: tests on animals, responsible fishing, fishing with nets protecting dolphins, general respect of animal welfare.

Regarding social issues: respect of workers' rights, individual liberties, human rights in general, no child labor, respect for women/gender equality, commitment to local farmers.

Other aspects that respondents are sensitive to include: sustainable development, origin of products, non-processed food, vegan products, no GMOs, no palm oil, buying food that have short expiration dates so they do not go to waste if not sold, buying fruits and vegetables according to seasons to avoid imports from overseas, avoiding multinationals if possible.

Overall, a lot of people said they rely on inspecting labels for their purchases but some others say that there are too many labels, that it takes time to read everything making the process confusing and that, in the end, they do not know which ones to trust. A respondent answered that is hard to distinguish marketing strategy from true will to help.

Others said that we generally do not know what is happening with companies and that it is hard to know if they respect the environment or human rights unless there is a scandal.

### Insights for the PE sample

One of the major difference, as mentioned by some respondents, is that consumers in Peru do not have access to as much information about products as in Europe. Companies tend to not explicitly display information about their environmental impact and even less about social or animal issues. It was said that there are few alternatives to get products that support social causes. Therefore, the insights collected from this sample are a little less complete regarding what consumers actually do when shopping but there are some relevant aspects to note which are summarized in the following paragraphs.

For the environment: eco-friendly products, Reduction of GHG emissions, low-levels of toxicity, recycled products, aerosols that do not damage the ozone layer, deforestation issues, preservation of natural resources, especially about water consumption and mining.

For animals: general respect of animal welfare, support of endangered species.

Regarding social issues: Worker rights / fair working conditions, support for indigenous and/or vulnerable populations, companies that have a good social responsibility program.

Other aspects that respondents are sensitive to include: low-levels of colorants, organic products, no GMOs, level of trust towards the brands, donating to charity while making a purchase, preferring local products instead of Chinese ones.

Interestingly, while not mentioned in the EU sample, B-corps are growing in Peru. Some consumers are sensitive to this and tend to prefer buying from them. However, it was said that there still are very few and that they do not manage to satisfy the potential demand. Like with the EU sample, a respondent remained skeptical about environmental or social initiatives from companies, saying that these are just marketing tools.

### Analysis of differences

As it results from this question, Peruvian consumers are much less informed about the products they are offered but it does not mean that they are less concerned about the potential ethical issues. As European consumers, they are sensitive to all these issues but are more precise in their answers since this region is more directly affected by them than in Europe. Indeed, Peru is a major exporter of natural resources, especially precious metals coming from the mines that are exploited all over the country. Therefore, the population is very sensitive to the environmental and social impacts that local and foreign companies have while extracting the resources. As many informal companies also exploit the resources, it is not rare to see the following scandals in the country news: oil spills in the jungle, chemical pollution of the rivers while extracting minerals, major abuses of mine and other resources workers.

The country suffers from water shortages in many of its regions so people are also wary of how this resource is used. As Peru contains relatively isolated regions, the populations living there have little support with for instance people freezing to death every winter in the Andean region due to lack of support for heating solutions. Therefore, Peruvian citizens are very concerned about the social issues and inequalities that exist. Data taken from the World Value Survey (WVS Database [no date]) show that 82% of Peruvians feel that there are “not much respect” or “no respect at all” for individual human rights in their country.



The country is also affected by flood every year with 2017 being one of the worst in decades having killed more than a hundred persons, affected around 1.2 million including 200.000 severely affected (Peru: Rainy Season 2017). While a single event like this cannot directly be linked to global warming, its growing intensity over the years definitely contributes to raising awareness in Peruvian citizens' minds. Data from the World Value Survey (WVS Database [no date]) show that 18% of Peruvians consider "environmental pollution as the most serious problem for the world. (48% think it is "people living in poverty and need" and 22% think it is "inadequate education")

Therefore, this qualitative question revealed that the two samples have a lot in common regarding which ethical aspects they fundamentally value. The level of knowledge about the sourcing of the products and the examples of ethical issues used are, however, different along with the ways that the ethical issues are perceived. Indeed, while the EU sample is very concerned by how the products they consume are made, the PE sample is more directly impacted by these very same ethical issues and growingly seeking support from companies to contribute to reducing the damage that is being done.

### 3. Discussion

#### 3.1 Summary of the findings and literature review

When we compare Hofstede's cultural orientations of Peru to the aggregated scores of French-Speaking Europe, both regions score relatively high on power-distance, Peru scores low on individualism while French-speaking Europe has high values, scores are medium for both regions on masculinity, both regions score very high on uncertainty avoidance, and French-speaking Europe scores relatively high on long-term orientation while Peru scores low.

When we come back to the findings of the literature, the three major orientations raising ethics levels are low individualism, high uncertainty avoidance and low masculinity. If we consider only these three dimensions, Peru should be the region scoring higher on ethical scales given that it has a much lower individualism and equals French-speaking Europe on the two other aspects. For the two other less impacting orientations, Peru only differs by pertaining to low long-term orientation, thus reducing its theoretical ethical level. Given that low individualism impacts much more ethical behaviors than long-term orientation, it is still Peru that should theoretically score higher on ethical scales. However, things are not that simple.

First, as mentioned earlier in this paper, one cannot stereotype whole countries with these five dimensions which exist more to give a general idea of the cultural orientations than to put all citizens in boxes. Indeed, subcultures and individual-level culture do matter. Second, as seen with the Hunt-Vitell theory, ethical behaviors result from a much more complex process than just cultural orientation, involving personal characteristics and two simultaneous approaches. The literature, credits the level of development of the country to be positively correlated to ethical behaviors, and in this aspect, Peru as a developing country is behind the other region studied thus with a lower expected level of ethics.

Finally, the literature says that not only the contextual environment or demographics have influence but also personal values such as religion, idealism vs relativism, Machiavellianism, materialism, trust, etc. These were not explored in this research but some answers are found through the World Value Survey (WVS Database [no date]). Religion is "very important" for 50% of Peruvians, against 13% and 17% respectively for French and Swiss. Although of moderate importance, this factor does raise the general ethical behavior for Peru. Trust, and in this case trust in companies, was also tested in the WVS with 38% of Peruvians saying that they trust "quite a lot" or "a great deal" major

companies against 39% of French and 38% of Swiss. The data does not show a difference between the two regions regarding this important aspect for marketers to build long-term relationships with customers.

Overall, knowing the cultural orientations, the context, and some values of the two regions, one could assume that consumers from French-Speaking Europe are a little more concerned about ethical issues, and this mostly because of the economic development of the region. However, it is not safe to say that any of the two populations has a fundamentally higher ethical orientation than the other. It seems that many aspects balance themselves out in this complex equation that shapes ethical behaviors, resulting in apparently similar levels of ethical behaviors for the two samples studied representing the same age category.

The major finding of this study is that the two populations only strongly differ on two points: French-speaking Europe recycles a lot more and is more willing to pay a premium price for “environmentally friendly” products than Peru. And these gaps are probably not due to divergences in the populations’ ethics but more to the different contexts of the regions. Indeed, recycling and sustainable options came much later into play in Peru compared to Europe. Other aspects tested yielded below the average means and no significant differences were found between the two samples. One potential explanation of these low means lies in the fact that the samples are only representative of the younger generation of consumers. According to the literature, it is foreseen that this segment of the population will have higher ethical standards when growing up by living more experiences or starting a family for instance. Gradually with time, it is expected that their concern for employees’ treatment, gender equality and animal welfare will grow, although the last point may be linked to some separate personal value.

Findings of this study also comfort the trend announced in the introduction: globalization and the growing interconnectedness create some convergence between consumer behavior all around the world. People from the same generation having access to the internet may be closer to counterparts in other places of the world than they are to older generations of their own country. Of course, this is only partially the case and cultural differences, economic development of the country and personal values come in place to adjust the different ethical orientations. Therefore, it is not so surprising that results from this research show that the two studied regions are not fundamentally different for most of the aspects tested. There are of course many adaptations that can be made for companies wanting to implement into one of the two markets.

### 3.2 Recommendations / managerial implications

First and foremost, it is important to note that the following recommendations are not incentives for companies to enter in greenwashing<sup>1</sup>. As mentioned earlier, it is only by building long-term relationships with consumers that marketers can create a sustainable competitive advantage for their firms in today's world. This is done in part by being transparent, building trust, and adopting true ethical conducts to answer the needs of this generation getting more and more concerned about the issues that are weighing down on our world.

One of the dilemmas marketers may encounter when entering new markets concerns the standardization or the adaptation of the marketing mix<sup>2</sup> for their products or services. Firms may choose to keep the product unchanged for all the markets they serve for simplicity reasons. It is indeed less costly and not necessarily suited to modify the product offering. Coca-Cola is a good example of standardization, their beverage is exactly the same all-around the world and only the language is adapted for the packaging. Price and Promotion strategies also vary very little across the world. Companies may also choose to completely adapt their products and strategy to better serve the needs of consumers in the region they want to serve. An example of this is found in Nokia's strategy who chose to only market basic low-cost phones to Africa while selling advanced smartphones to Europe. Even though adaptation allows for a more customer-centric approach, it weakens the benefits from economies of scale<sup>3</sup> thus costing more to companies. It also makes the implementation process slower because it requires to gain in-depth knowledge of the local market (Krishnamurthy 2016). Of course, anything in between is possible with, for instance, MacDonald's who has a very well-known standardization strategy but also partially adapts to its markets with special menus such as the Mac Raclette in Switzerland or proposing the typical Peruvian sauce "Aji amarillo" in Peru.

What seems to be the most suitable for modern marketers is to find an adequate balance between the two strategies. On the one hand, it is not realist to believe that firms can have the same approach for all cultures of this world and even Coca-Cola tries to adapt their advertisement to its markets. On the other hand, completely changing the marketing

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<sup>1</sup> <http://www.investopedia.com/terms/g/greenwashing.asp>

<sup>2</sup> <http://marketingmix.co.uk/>

<sup>3</sup> <http://www.investopedia.com/terms/e/economiesofscale.asp>

mix is not profitable. Of course, the degree of adaptation really depends on the industry and there is no universal rule.

Based on the literature and the findings of this study, several adaptations can be made for companies wanting to implement into the two regions studied. First of all, in a research from Khan et al. (2015, p. 467) was emphasized “the importance of adapting brand images to foreign markets due to cross-national differences in cultural and socioeconomic factors”. Was also revealed a “link between a firm’s CSR marketing and customer outcomes such as satisfaction, product evaluation, trust, and brand loyalty” (Bhattacharya and Sen 2004, cited in Khan, Lew, Park 2015). This study also noted the importance of CSR marketing in developing economies to relate to informal aspects such as societal norms and expectations, religious values, customs, social traditions, etc. to enhance organizations’ competitive advantage and reputation in the local markets. In other words, CSR marketing strategies must be aligned to the demands of groups such as local communities in developing host countries. Companies should therefore adapt their “marketing mix (e.g. creating brand value, promotion, adjusting price levels, and distribution to rural areas) in respect to handling various CSR issues in developing countries” (Khan, Lew, Park 2015, p. 480).

Concrete applications from this study can be foreseen in the developing country that is Peru. Since there are isolated and poorer regions, companies wanting to reach these places should modify their product and pricing strategy compared to cities. An already existing strategy is to create products of much smaller sizes and quantities at an affordable price as a good way to reach these rural regions. For this type of products, distribution should be done through the small shops, abundant across the country, rather than in supermarket chains.

Firms should also be sensitive to the cultural orientations of their target markets. As suggested by Swaidan, “marketers could improve their marketing niche by using social marketing more often with collectivist and feminine (cultural orientation, not gender) consumers” (2012, p. 210). Aligning the firm with a cause or serving the needy communities should have positive branding consequences and socially responsible companies will be popular among collectivist and feminine consumers. Both regions studied have a medium score on masculinity but Peru is a much more collectivistic society than French-speaking Europe. Consequently, companies engaging in supporting local communities should have better results in Peru. Indeed, as this study revealed, Peruvian consumers are particularly touched by social issues that affect their country. Therefore, companies that put solving indigenous/vulnerable populations’ issues at the

heart of their business model should have the best chances of succeeding in the region. In the case of companies having different established activities, they ought to at least rethink their strategy and integrate helping the communities in some way, by giving a percentage of their sales to local charities or being proactive in improving these populations' life by providing water to isolated areas or financing the construction of infrastructures such as schools or roads.

Individuals scoring high on uncertainty avoidance are "more concerned with security in life, feel greater need for consensus and written rules, and are, more intolerant of deviations from established codes of ethics" (Hofstede et al. 2010, cited in Swaidan 2012, p. 211). Both studied regions score very high on this dimension and a direct marketing consequence is that consumers "need more direction and instructions to make their shopping experience more convenient" and "marketers may need to spend more time and effort educating high uncertainty avoidance consumers about their products and services" (Swaidan 2012, p. 211). Therefore, what can be done for both regions is to provide consumers with a better, more complete customer experience rather than self-service stores. The shopping environment should reduce uncertainty to the minimum by making information available in various locations and having sufficient and trained staff that can provide guidance. Environments not providing a friendly full-service may be perceived as unwelcoming and not granting enough support which can lead customers not wanting to shop there.

Findings of a research from Sagar (2011) regarding ethical brand positioning suggest that what seems to have the most impact on the consumer's preference are "product design, function and contents". The aspects that come second in degree of consideration from consumers include "ethical packaging, quality standards, brand heritage, right advertisement and the sale/discount promotional schemes". These are therefore aspects that marketers must particularly take care of. To complete these findings with another research, it was found that "distribution strategy and labelling characteristics play an important part in consumer decision-making, and more so than external promotion" (Carrigan et al 2005, p. 488).

As revealed by this study, both populations want good quality products that work well, at the expense of less well-working but more sustainable options. Therefore, before even talking about the ethicality of these products, they should have a great design, be well-functioning and have rich contents. The European population will favor alternatives made from recycled products more than in Peru, but this aspect is also on the rise in this region and should not be discarded by marketers. An important finding is that the younger

generation of the Peruvian market is currently not ready to pay more for sustainable alternatives as it is the case in French-speaking Europe. Companies wanting to survive in the price-sensitive Peruvian market would have to be able to compete with the less sustainable options currently available. This is probably the biggest challenge exposed by this study and it has no simple solution. Marketers should be creative in addressing this issue. Promoting the environmental and social benefits of their offering should be at heart of their strategy to justify prices that may be on the high-range of alternatives but cannot be too expensive either.

As we saw with the results of this study, French-speaking Europe's consumers are vigilant to labels. Failure from marketers to be transparent and very explicit with labeling will inevitably create unnecessary troubles for their brand in this region. Moreover, excessive packaging is not well perceived and should be avoided.

This study also showed that there is a real opportunity for sustainable brands such as B-corps to implement in Peru and that leveraging their ethical strengths through explicit labeling will create a competitive advantage due to current poor information for consumers. However, overall label knowledge and popularity is relatively low so promotional campaigns to raise awareness about their importance would be needed. This is already done in the country but still at a very burgeoning state. As Peruvians generally belong to a high uncertainty avoidance population, in-store promotion of products dealing with ethical issues would probably be successful. Another good way to handle promotion of labels and more sustainable options in Peru would be to use social media which are very present in both studied regions. Social media represent useful platforms to quickly develop networking with consumers and content appealing to norms, values and traditions of the country. Of course, social media can be used for both regions to do all kinds of promotion as it has become a popular mean for brands to directly exchange with customers.

Regarding the environment, the carbon footprint is a major concern for European consumers and the total impact including transportation should be provided. This is also applicable, to a slightly lesser extent, for Peruvian consumers who will be more concerned about products that are not depleting their country's resources. Brands proving that they use resources responsibly, especially water and forests, should have great chances of success in Peru. As there is no such thing as truly sustainable mining, it will be hard for marketers to address this issue in Peru apart from stating that their products are made with resources not coming from the mining industry.

Regarding gender inequality and animal welfare, both currently represent less important ethical issues than the others mentioned earlier and this for the two younger populations. This does not mean that it should be discarded by marketers. On the contrary, as it is expected to gain importance in the forthcoming years, firms realizing this now can take a step ahead of the competition.

Another study from Farias (2015) noted that local brands hold important advantages compared to global brands especially when competing on the basis of well-established face-to-face relationships with their customers. This research showed that brand success in Latin America is product-category dependent and suggested that local brands (which may be owned by an international firm) will succeed in product categories related to subscriptions and local tastes while global brands have an advantage for high-tech and products linked to global citizenship (products promoting a “Western” lifestyle that make consumer feel they belong to the global community).

Therefore, marketers should take into consideration the local preference before entering one of the two markets, especially the French-speaking one who tends to highly privilege the localness of the products they consume. Peruvian consumers seem to be more open to foreign products, especially coming from Europe or the U.S, representing a sign of good quality, but will also prefer local brands when it comes to day-to-day products. Therefore, even for international companies, promoting localness should be a huge concern when implementing in one of the two regions. The marketing mix should resonate in consumers’ minds as being aligned with their societal norms, traditions, and values.

### **3.3 Overall results and conclusion**

When only looking at the influence of Hofstede’s cultural orientations on ethical levels, it is Peru that theoretically has a higher ethical orientation. But as ethical behaviors come from a much more complex process also depending on the level of development of the country, other contextual factors and personal characteristics, ethical levels of the two studied regions seem to be balanced, at least for the younger age category. Indeed, while consumers from French-speaking Europe are more concerned with recycling and more willing to pay a premium for “environmentally friendly” products than in Peru, there are no fundamental differences in ethical behaviors exposed by this research. The differences found are mostly due to the different context in the two regions, with recycling and sustainable options having made their appearance much later in Peru than in Europe.



Even though ethical orientation is not fundamentally different between the two populations, there are several adaptations that marketers should consider when entering these regions. Peru, as a developing country, contains isolated areas where indigenous/vulnerable populations live. One way to reach them is to make products in smaller quantities at an affordable price. One difference of Peru compared to French-speaking Europe is that it is generally a more collectivistic society, meaning that the population is more sensitive to issues affecting its communities. Therefore, companies that make solving issues of vulnerable populations part of their DNA should have the best chances of success among the more well-off Peruvian population. Companies that have other established activities should modify their strategy to find a way to also address this concern.

As both studied regions have very high uncertainty avoidance, its consumers require full-service environments that minimize uncertainty by providing information in various locations and having helpful staff easy to find. Consumers of both regions want well-functioning products before looking at their sustainability. Products made from recycled materials should have success in both regions, but even more in French-speaking Europe. Firms wanting to implement in French-speaking Europe should be transparent and very explicit with labeling while also minimizing the packaging of their products.

A key challenge exposed by this study is that the younger Peruvian market is currently not ready to spend more on “environmentally friendly” products. Therefore, marketers should find innovative ways to make their sustainable options compete with already existing alternatives at similar price levels. Nevertheless, the opportunity found in Peru is worth the challenge since there is a growing demand for ethical products. B-corps and other brands benefiting from ethical labels should seize this opportunity. However, the market needs to be further educated towards the importance of labels. This may be done through in-store promotion and social media campaigns.

Making the carbon footprint explicit, including the transportation impact, should be a major concern for firms implementing in the European region. The ecological impact is also relevant for Peruvian consumers who will appreciate products that prove to be respectful of natural resources such as water and forests. Issues regarding gender inequality and animal welfare seem to be burgeoning in both populations and marketers wanting to take a step ahead of the competition should not discard these aspects.

Finally, firms wanting to implement in one of the two regions should promote localness and pay attention that their marketing mix resonates with consumers’ societal norms, traditions, and values.

## 4. Conclusion

This paper successfully fills a gap in the marketing ethics literature where the company side is systematically more studied than the consumer one. It also compares French-speaking Europe, a region of developed countries, to Peru, a country from Latin America which has been a region neglected in business literature.

This cross-cultural research first looked at all the factors that shape ethics in consumers. The literature review revealed the complexity of the matter with ethical behaviors being the result of a double-approach process involving cultural orientation, level of development of the country, other contextual factors, and personal characteristics.

The exploratory phase showed two major differences between the younger population of the studied regions. French-speaking Europe is more concerned with recycling and more willing to pay a premium for “environmentally friendly” products. These differences are assumed to be the consequences of different contextual environments rather than cultural orientation or personal characteristics. Overall, this study did not expose fundamental differences in ethical orientation but did reveal a series of different ethical aspects that consumers value when buying products or services. The resulting recommendations should prove useful for marketing managers wanting to implement their brands in one of the two regions.

As mentioned earlier, our world is now characterized by globalization and a growing interconnectedness that lead to some convergence of consumer behavior. Results from this study confirm this tendency for the millennial generation. Indeed, the two populations studied come from distant regions but have more in common than one might assume. More research should be made to get a better understanding of the older generations' ethical orientation.

Finally, this paper showed that products dealing with environmental and social issues are gaining pace across the regions studied. While already well implemented in Europe, there is still room for improvement and growth. As sustainable alternatives are only burgeoning in Latin American countries such as Peru, there are serious opportunities for companies such as B-corps to develop there.

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# Appendix 1: English Survey

## Ethical orientation of consumers

What is your gender?

- Male
- Female
- I do not identify with one of the above gender

What is your age?

- 18-33
- 34-49
- 50-64
- 65 or more

What is your nationality?

What is your country of residence?

How many of these materials do you recycle: glass, plastic, paper, aluminum?

- none
- One
- Two
- Three
- All of them

Please rate how the following 5 statements apply to you

1= "never true", 2 = "rarely true", 3= "sometimes true", 4= "mostly true", 5= "always true"

- I buy products labeled as "environmentally friendly" even if they don't work as well as competing products
- If my budget allows it, I pay more for "environmentally friendly" products although there is a cheaper alternative
- I do not buy products from companies that stereotype the role of men and women in their advertisement
- I do not purchase products from companies that I believe don't treat their employees fairly
- I do not buy products from companies doing animal testing

Additional question:

-Is there any aspect regarding the environment or a social cause that you value when buying a product or a service?

- Yes
- No

If you answered yes to the last question, please state which aspect(s)

## Appendix 2: French Survey

### Orientation éthique des consommateurs

Quel est votre sexe?

- Homme
- Femme
- Je ne m'identifie à aucun des deux

Quel est votre âge?

- 18-33 ans
- 34-49 ans
- 50-64 ans
- 65 ans ou plus

De quelle nationalité êtes-vous?

Quel est votre pays de résidence?

Combien de ces matériaux recyclez vous: verre, plastique, papier, aluminium?

- aucun
- un
- deux
- trois
- tous

Veuillez s'il-vous-plaît noter comment ces 5 prochaines déclarations s'appliquent à vous

1= "jamais vrai", 2= "rarement vrai", 3= "parfois vrai", 4= "vrai la plupart du temps", 5= "toujours vrai"

- J'achète des produits étiquetés en tant que "respectueux de l'environnement" même s'ils ne fonctionnent pas aussi bien que des produits concurrents.
- Si mon budget le permet, je paie plus pour des produits "respectueux de l'environnement" bien qu'il existe une alternative moins chère
- Je n'achète pas de produits venant d'entreprises qui stéréotypent le rôle des hommes ou des femmes dans leurs publicités
- Je n'achète pas de produits venant d'entreprises dont je pense qu'elles ne traitent pas leurs employés justement
- Je n'achète pas de produits venant d'entreprises qui pratiquent des tests sur les animaux

Question additionnelle:

- Existe-il un aspect concernant l'environnement ou une cause sociale auquel vous attachez particulièrement de l'importance lorsque vous achetez un produit ou un service?
  - Oui
  - Non

Si vous avez répondu oui à la question précédente, veuillez s'il-vous-plaît dire de quel(s) aspect(s) s'agit-il

## Appendix 3: Spanish Survey

### Orientación ética de los consumidores

¿Cuál es su sexo?

- Hombre
- Mujer
- No me identifico con ninguno de los dos

¿Cuál es su edad?

- 18-33
- 34-49
- 50-64
- 65 o más

¿Cuál es su nacionalidad?

¿Cuál es su país de residencia?

Cuántos de estos materiales recicla: ¿vidrio, plástico, papel, aluminio?

- Ninguno
- Uno
- Dos
- Tres
- Todos

Por favor evalúe como las 5 siguientes afirmaciones se aplican a usted

1= "nunca", 2= "raramente", 3= "a veces", 4= "mayoritariamente", 5= "siempre"

- Compro productos etiquetados como "respetuosos con el medio ambiente" aunque no funcionen tan bien como los productos de la competencia.
- Si mi presupuesto me lo permite, pago más por productos "respetuosos con el medio ambiente" aunque exista una alternativa menos cara.
- No compro productos de empresas que usan estereotipos de hombres y mujeres en sus anuncios
- No compro productos de empresas que considero que no tratan a sus empleados de manera justa
- No compro productos de empresas que hacen pruebas con animales

Pregunta adicional:

¿Hay algún aspecto relacionado con el medio ambiente o una causa social que valora al comprar un producto o un servicio?

- Sí
- No

Si respondió afirmativamente a la última pregunta, especifique qué aspecto(s)